Austria Sch 20 · Indonesia Rp 3100 · Philippines Pes 20
Bahrain Din 0.650 · Israel IS 2.50 · Portugal Esc 100
Belgium BFr 45 · Italy L 1500 · S. Arabia Rls 6.00
Canada C$1.00 · Japan Y550 · Singapore S$ 4.10
Cyprus C£0.75 · Jordan Fils 500 · Spain Pta 125
Denmark DKr 8.00 · Kuwait Fils 500 · Sri Lanka Rup 30
Egypt E£1.00 · Lebanon L£ 25.00 · Sweden Skr 7.00
Finland Fmk 8.50 · Luxembourg LFr 45 · Switzerland SFr 2.20
France FFr 6.50 · Malaysia Ris 4.25 · Taiwan NT $65
Germany DM 2.20 · Mexico Pes 300 · Tunisia Din 1.375
Greece Dr 80 · Morocco Dh 6.00 · Turkey L 350
Hong Kong HK$ 12 · Netherlands Fl 2.75 · U.A.E. Dh 6.50
India Rup 15 · Norway Kr 7.00 · U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Chirac stands firm under attack, Page 24

World news

Row over Andreotti evidence on Mafia

Mr Giulio Andreotti, Italy's Foreign Minister, is at the centre of a storm over evidence he gave this week to the long-running trial in Palermo of 468 alleged Mafia bosses and killers.

Lawyers for the family of General Carlo Alberto Dalla Chiesa, the special anti-Mafia police commissioner murdered with his wife in 1982, have accused Mr Andreotti of lying under oath and demanded that he be indicted for perjury.

The evidence of Mr Andreotti conflicted with the version of their conversations recorded by General Dalla Chiesa in his diary. Page 3

Gorbachev message

A personal message from Soviet leader Mikhail Gorbachev was delivered to British Prime Minister Margaret Thatcher on the eve of her departure for Washington talks with President Ronald Reagan. It is understood to contain ideas on arms control arising out of last month's Reykjavik meeting of the superpowers. Page 16

Chad peace contacts

President Hissene Habré of Chad told Cameroun's official radio that contacts were under way with rebel forces to end their civil war. He said the forces of former president Goukouni Weddei were "no longer in the service of Libya." Francophone summit, Page 2

Aquino faces crisis

Philippines President Corazon Aquino returned to Manila from a four-day visit to Japan and found herself facing a new crisis after the murder of Rolando Olalia, a key trade union leader. Page 4

Malaysia lifts ban

Malaysia lifted its three-month ban on the Asian Wall Street Journal and agreed to let the newspaper's two Kuala Lumpur-based correspondents return. One of the two, Mr John Berthelsen, last week won a Malaysian Supreme Court order overturning his expulsion. Page 4

Chissano's targets

President Joaquim Chissano of Mozambique chaired his first cabinet meeting and said that salvaging the economy must be coupled with waging the war against right-wing rebels.

European rivals

Sir Henry Plumb, the British Conservative leader in the European Parliament and Enrique Baron Crespo, former Spanish Socialist Minister, emerged as leading contenders to become the assembly's next president. Page 2

Japan closes mines

More than a third of Japan's ailing coal mining industry is to be closed over the next five years, putting 10,000 of the country's 25,000 miners out of work.

Australian deficit

Australia reported its worst-ever monthly current account deficit, leading to Opposition accusations of economic mismanagement. But the Labor Government easily defeated a censure motion in the Canberra Parliament. Page 4

Italy travel blow

Air and train travellers in Italy face a week of disruption as railwaymen and pilots embark on a series of strikes over pensions, working conditions and training.

Israelis questioned

Four left-wing Israelis were summoned for police questioning about their controversial meeting in Romania with representatives of the PLO. The Israeli Attorney General has said the meeting could contravene a law banning contact with terrorists.

Business summary

Wall St hit by late selling

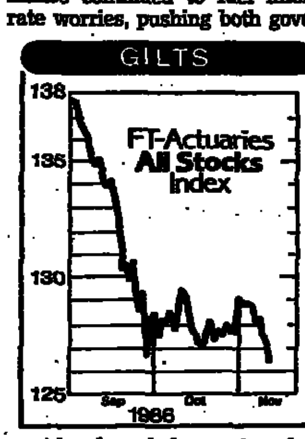
WALL STREET stock prices dropped sharply during the last hour of trading as profit takers entered in the wake of recent takeover speculation.

The Dow Jones industrial average closed down 31.5 at 1,862.2 on moderately heavy turnover of 165.1m shares. Page 48

PHARMACIA, Swedish pharmaceuticals and biotechnology group, raised profits by 34 per cent in the third quarter and upgraded its profits forecast for the full year. Page 25

WELLCOME FOUNDATION, UK drug group, met market expectations with a 3 per cent rise in pre-tax profits to £125.3m ($175m). Page 17

LONDON: Sterling's listless performance continued to fuel interest rate worries, pushing both government bonds and share prices down further. Gilts losses ranged up to ½ a point. The FT-SE 100 index was down 9.9 at 1,644.8 and the FT Ordinary index was 9.4 lower at 1,295.7. Page 48



DOLLAR fell in London to DM 2.01 (DM 2.0225). It also fell to SFr 1.6685 (SFr 1.6765); FFr 6.5775 (FFr 6.6150); but rose to Y160.85 (Y160.60). Page 41

STERLING closed in London at $1.4255 ($1.4270). It also fell to DM 2.8650 (DM 2.8850) and remained unchanged at Y229.25. The pound's exchange rate index fell 0.3 to 68.2. Page 41

TOKYO: Caution prevailed following a five-day upturn. The Nikkei average closed 9.42 lower at 17,638.47. Page 48

WALL STREET: The Dow Jones industrial average closed 31.50 down at 1,862.20. Page 48

VIRGIN GROUP'S flotation in London attracted more than 50,000 applications for shares, a jubilant Mr Richard Branson, the entertainment company's founder, announced. There were long queues to buy. Page 17

SAINT LOUIS Bouchon, French sugar producer's proposed takeover of Lesieur, vegetable oil products group, to form France's second largest food concern advanced a step further with the nomination of the same chairman for both companies. Page 25

BRAZIL has suffered a sharp fall in its foreign exchange reserves, losing a possible $1.4bn since July, according to authoritative reports. The authorities have unofficially acknowledged that the country's reserves have taken a serious downturn.

BANKAMERICA, troubled US banking group facing an unsolicited $3.4bn takeover bid from First Interstate, is hoping to raise more than $300m from the sale of Charles Schwab, its discount brokerage business. Page 26

DMC, France's largest textile producer, is raising FFr 300m to FFr 400m in fresh capital to widen its international base through external acquisitions. Page 26

NOVO, Danish pharmaceuticals and enzyme producer, showed marginally increased sales at nine months to DKr 3.13bn ($410m). Page 26

CARTER Hawley Hale, Los Angeles department store group, reported a 67 per cent rise in net third-quarter earnings to a record $16.4m. Page 25

Sandoz agrees to meet claims over Rhine pollution

BY OUR FOREIGN STAFF

SANDOZ, the Basle chemical company at the center of the Rhine pollution disaster, said yesterday that it would cover and honour all valid claims arising from the warehouse fire and leak of toxic chemicals into the Rhine two weeks ago.

Company executives, holding a press conference at the Schweizerhalle site of the accident, said Sandoz had liability insurance totalling between SwFr 100m and SwFr 150m ($59m-$89m) including coverage for environmental damage resulting from accidents.

The Sandoz executives denied accusations that the company contravened regulations governing the storage of chemicals and that fire provisions at the site had been inadequate.

Professor Gerhard Schmid, a Sandoz legal expert, said that in 1981 Zurich Insurance had carried out a risk analysis of the storage facilities at Schweizerhalle and had made recomendations. After the report, he said, Sandoz had taken various measures to improve site safety.

Nevertheless, the company admitted that "disastrous quantities" of mercury and insecticides were carried into the Rhine following the warehouse fire resulting in widespread fish deaths and endangering drinking water supplies.

The company's statements came as the Netherlands announced it would seek compensation involving millions of dollars from Sandoz. Mr Stanley Clinton Davis, the EEC Commissioner responsible for the environment, said Swiss warnings to their neighbour about the massive pollution were "grotesquely inadequate."

Mrs Neelie Smit-Kroes, the Dutch Minister of Water Resources, said yesterday that she aimed to present a more precise claim for damages at a meeting she had called of Rhine river countries and the European Commission in Rotterdam on December 19.

By then the Dutch expect to have a better idea of the costs borne by fishermen, dairymen, water utilities, the Government and the environment.

The Dutch Parliament yesterday urged the Government to press hard for a firm promise of monetary compensation from Sandoz. No estimates have yet been made of the Dutch damage resulting from the huge spill of insecticides and mercury into the river although The Hague has spent about Fl 750,000 ($329,000) in monitoring the spill.

However, the Netherlands clearly has suffered less than West Germany, which has borne the brunt of the pollution.

Meanwhile, Mr Clinton Davis called for urgent action to improve the systems for alarm and information in the wake of such chemical disasters, and agreement between all the countries bordering the river on similar rules for handling dangerous chemicals.

Mr Clinton Davis announced at the European Parliament that he was already taking legal action against several EEC member states for failing to incorporate into their national law the rules for handling and storing dangerous chemicals agreed after the pollution disaster, in 1976 in a factory in Seveso, Italy, owned by Hofmann-La Roche, another Swiss chemical company.

He said that only four member states – Denmark, France, the UK and West Germany – had so far enacted the Seveso rules which were supposed to be introduced throughout the Community in 1984.

"Even before the Rhine incident, proceedings had been opened against a number of member states," he said. "I would have thought that in the light of this incident any excuse for inaction has totally vanished."

Mr Clinton Davis said he hoped it might be possible for Switzerland, as a non-EEC member state, also to adopt the Seveso rules on the storage and production of dangerous chemicals.

He suggested also that chemical companies might adopt an agreement among themselves similar to the code for accidents used by shipping companies owning oil tankers

Collier threatens to expose insider traders

By Clive Wolman in London

MR GEOFFREY COLLIER, who on Monday was forced to resign as securities chief of the UK merchant bank Morgan Grenfell, is threatening to reveal that other leading City of London figures have been guilty of insider dealing.

Mr Collier has made a full written confession of the offence, the full details of which emerged yesterday. The papers on the investigation into his case were sent last night by the London Stock Exchange to the Department of Trade and Industry, which is empowered to prosecute insider dealing.

Mr Collier told the Stock Exchange Professional Standards Panel earlier this week that he had evidence that several professional fund managers, not employed at Morgan Grenfell, had also bought and sold shares with the aim of profiting from confidential, inside information about the companies.

Mr Collier apparently feels aggrieved that he has been singled out for an offence which, he believes, has been widely committed. If his allegations are substantiated, the City would be in danger of suffering damage to its reputation similar to that suffered by Wall Street earlier this year following a series of insider dealing cases brought against leading investment bankers.

The stock exchange's surveillance department complained in February that its enquiries into insider dealing had been frustrated by the use of offshore dealing companies which refuse to disclose their true owners.

Mr Collier himself used an offshore tax haven company to execute his illicit deal. The company was set up by Mr Collier while he was working for the stockbroking firm, Vickers da Costa, in New York, before he was headhunted by Morgan 18 months ago. The company was used to own a property bought by Mr Collier. But after the property was sold, the company lay dormant, possibly until two weeks ago.

In that last week of October, Morgan Grenfell was approached to advise Hollis, a furniture and timber company controlled by Mr Robert Maxwell, on possible terms for making a counter-bid for the engineering company AE. Mr Collier, who was one of the directors in closest contact with the securities market, was asked to advise on the correct price for the bid.

The Morgan compliance manual imposed a strict requirement on Mr Collier not to use his foreknowledge of the bid either for his own pur-

Continued on Page 24

Reagan acts to defuse Iran arms row

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan was expected last night to justify covert US arms shipments to Iran as part of a plan to bolster moderates in Tehran rather than to secure the release of American hostages.

Inundated by growing criticism of secret contacts with Iran orchestrated by the White House, Mr Reagan was preparing last night to address the American people on television ending his public silence on an issue which has turned into a major foreign policy row.

The President's speech follows his admission to congressional leaders on Wednesday that the US shipped military equipment to Iran. Mr Reagan justified the secret contacts as part of a long-term plan to bolster moderate factions in a strategically vital Gulf state.

The Reagan Administration has hitherto refused to comment publicly on the affair, even insisting that senior cabinet officials such as Mr George Shultz, US Secretary of State, remain silent.

Revelations of the secret dealings between the US and Iran has led to charges that the US is undermining the credibility of its foreign policy. The US has consistently urged its allies not to negotiate with states sponsoring terrorism, has imposed its own arms embargo against Iran, and has maintained a public stance of neutrality in the Iran-Iraq war.

It is also argued that the Administration has created the impression of trading arms for hostages, something which could encourage terrorists to take further hostages as bait.

Mr Reagan has defended his public silence in the hope of securing the release of at least six Americans held in Lebanon. His address suggests that hopes of securing an early release are fading and that the political damage created by the affair is in danger of growing out of control.

Reports in the Washington Post yesterday said that Mr Donald Regan, White House Chief of Staff, and Mr John Poindexter, National Security Adviser, had held an angry exchange in front of the President over the merits of making a public statement.

Mr Larry Speakes, the White House spokesman, denied the report. He said that the President had been forced to go public to prevent speculation about the affair.

The White House has argued privately that the undercover operation, co-ordinated by the national security staff, was vital to promote ties with moderate Iranian leaders during the power struggle to succeed the ageing Ayatollah Khomeini, a virulent anti-American.

Congressional leaders quoted Mr Reagan as saying that "if Khomeini died and we had not made an effort to lay the groundwork for a future regime" the Administration would not have been doing its job.

This argument is already beeing challenged, particularly by Democrats on Capitol Hill. Although they do not debate the strategic importance of Iran and the need to seek contacts with moderates, they criticise the apparently free-wheeling role of the National Security Council which is not subject to congressional oversight.

Democrats are also expected to investigate the legality of arms shipments to Iran. Mr Reagan is expected to stress in his address that the White House has not violated US laws, having received a legal opinion from Mr Edwin Meese, the US Attorney General.

Senator Patrick Leahy, a leading Democrat on the Senate intelligence committee, said of the affair: "It has cost us a lot of credibility, how do we tell our Nato allies, 'dont negotiate with terrorists?'"

Senator Patrick Moynihan, the New York Democrat, attacked reports of a secret mission to Teheran by Mr Robert McFarlane, former national security adviser, and said it had handed the Iranians the biggest propaganda victory they had had in six years.

● An Israeli businessman allegedly involved in a scheme to ship arms illegally to Iran has asked a judge to call Vice President George Bush and other Reagan Administration officials as witnesses, court records show, Reuter reports.

Mr Guriel Eisenberg, one of 17 charged in the multi-billion dollar arms plot, demanded that US National Security Adviser John Poindexter, former National Security Adviser Robert McFarlane, and Marine Lieutenant Colonel Oliver North, a member of the staff of the National Security Council, be called to testify in his defence.

Mr Jonathan Marks, Mr Eisenberg's lawyer, said in an affidavit that the defence wished to call the officials as witnesses to support its claim that the governments of Israel and the US approved of the sales.

Mr Marks said the claim was supported by recent press reports that these men were involved in talks and arrangements for arms shipments by the US to Iran

Mr Marks said Mr Eisenberg did not intend to commit a crime because he was "informed that the highest levels of the Reagan Administration had approved the proposed sales."

Feature, Page 22

EEC farm lobby suffers setback on budget vote

BY QUENTIN PEEL IN STRASBOURG

THE EUROPEAN Parliament yesterday voted overwhelmingly for further tough steps to reform the European Community's crisis-hit agriculture policy – including the imposition of a new 5 per cent cut in dairy production quotas – to be written into next year's EEC budget.

The decision, by 301 votes to 41, marks a severe setback for the long-dominant farm lobby, and a clear political signal from the parliament to the EEC's Council of Ministers, although it cannot actually bind the member-states. The budget will now be sent back to the budget ministers at the end of this month for their second reading and should be finalised in Strasbourg in December.

At the same time, the MEPs called on the EEC governments to add an extra Ecu 2.5bn ($2.6bn) to the Ecu 35.96bn Community budget they approved in order to dispose of surplus food stocks.

That plan for a so-called "war chest" for subsidising cheap sales of cereals, butter and other products on both international and EEC markets, would require extra payment from 10 of the 12 member-states, in addition to their normal EEC contributions.

Other key changes proposed by the parliament in the EEC budget for 1987 would add some Ecu 536m to the plans put forward by the 12 budget ministers – financed almost entirely by savings in farm spending, leaving the overall budget total only Ecu 13m larger.

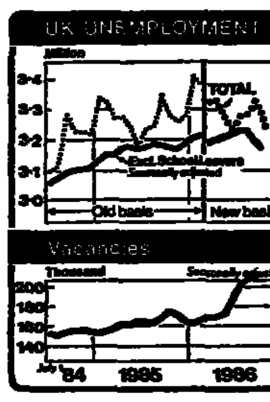
The MEPs voted for a specific ban on financial aid to Syria, because of that country's links to terrorism – a political move certain to please the UK Government which currently holds the presidency.

The changes in the farm spending part of the budget – which at Ecu 23bn accounts for almost 63 per cent of total spending – affects what is called "obligatory spending," which the parliament is not legally supposed to touch.

Details, Page 40

UK jobless figures fall for third month

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT



THE BRITISH Government yesterday reported a sizable fall in its official unemployment total in October, marking the third consecutive monthly decline. It indicated that it believes that the rising trend in unemployment seen since 1979 is now beginning to go into reverse.

Mr Kenneth Clarke, the Paymaster General, said that the drop between August and October in the number of people eligible for unemployment benefit was the largest three-month fall for 13 years. The figures, he said, provided "more hard evidence that the job picture is becoming brighter."

Opposition parties, however, criticised the Government's record, Mr John Prescott, Labour's employment spokesman, said that ministers were using "a combination of fiddles, temporary schemes and intimidation" to take the total below 3m before the next general election.

For the Alliance Mr Ian Wrigglesworth, its economic spokesman, said that Britain stil had one of the worst unemployment records of any industrialised country.

The Department of Employment said that its seasonally-adjusted total of benefit recipients fell by 25,000 in October to 3.17m over the last three months the average monthly fall was 18,500, which officials say probably marks a turning point in the labour market.

The unadjusted claimant figure, which includes school-leavers, fell by 96,000 in the latest month to stand at 3.24m.

Ministers are expecting further reductions over coming months in response to both a tightening of its eligibity test for claimants and to a further expansion of special jobs schemes such as the Community Programme. The Government is also forecasting a pick-up in the rate of economic growth.

The large number of changes to the calculation of the official figures, however, made it difficult to assess to what extent the recent declines mark an underlying improvement in labour market conditions.

An average monthly reduction of 5,000 over the last six months is almost exactly matched by the expansion of special jobs schemes. At the end of September some 369,000 adults were on training or employment schemes compared with 314,000 a year earlier, a further 360,000 young people were not counted as unemployed in both years because they were on the Youth Training Scheme.

There are also signs, however, that a recovery in the pace of output growth in recent months may be creating a better employment outlook. Separate figures released yesterday show a revival of manufacturing output over the last three months, with a reduced rate of job losses.

Higher manufacturing output has also been reflected in an acceleration in the pace of productivity gains, with annual growth in output per head rising to around 1¼ per cent over the last three months

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EUROPEAN NEWS

Arab terrorism tests Turkey's links with Syria

BY DAVID BARCHARD IN ANKARA

THE TURKISH Government is considering what action it should take following the discovery of links between Arab terrorist movements in Turkey and Syria.

Relations with Syria have been gradually improving after several decades of unfriendly confrontation and Ankara is anxious to maintain this situation in order to discourage the Syrians from giving assistance to Armenian and Kurdish separatists operating from its soil.

However, the arrest last month of six Arabs belonging to the Abu Nidal terrorist organisation for killing a diplomat at the Jordanian embassy in Ankara last year has produced confessions which, according to press reports, link the Syrians with terrorist activities.

A former translator at the Jordanian embassy, Mr Adnan Suleiman Ameri is being held on charges of working for the Syrian intelligence services and being involved in an explosion at a munitions plant outside Ankara this summer in which seven people were killed.

The Syrian-backed group is also said to have had plans to assassinate the Turkish Prime Minister, Mr Turgut Ozal, and the British ambassador in Ankara, and to kidnap a US general.

Islamic Jihad members are said to have confessed to organising bombings in Istanbul, Ankara, and Izmir in 1983 and encouraging Kurdish separatist groups.

However, Turkey is trying hard to prevent a rupture in its relations with Syria, despite representations made to it by the British Government in the wake of the Hindawi affair. It is understood that the British have not asked Turkey to take specific action against Syria, but merely drawn attention to the evidence linking the Syrian government to the attempt to blow up an El Al airliner.

Earlier this year Turkey was severely embarrassed when evidence emerged linking the Libyan Peoples' Bureau with an attempt to bomb the US Officers Club in Ankara.

By Andriana Ierodiaconou in Athens: The Syrian Government has thanked Greece for refusing to take part in EEC sanctions against Damascus for its alleged role in terrorism.

Oder contaminated by oil spill in Czechoslovakia

BY LESLIE COLITT IN BERLIN

THE Czechoslovak authorities have been tackling a serious oil spill which contaminated the Oder river near the Polish border killing fish and birds.

Large quantities of heating oil were discharged into the sewerage system of the industrial city of Ostrava in northern Moravia. The main Communist newspaper, Rude Pravo, said yesterday that the oil spill took place last Sunday but that up to Wednesday evening the source had still not been found. Local factories in the high industrialised area were inspected for possible oil leaks but without result.

Drinking water was not affected, according to the Czechoslovak news agency CTK, but there were "losses of flora and fauna." Workers were removing the oil slick with buckets to limit ecological damage, Rude Pravo reported.

The heating oil was carried from the sewerage system into the Lucina and Ostravice rivers and then into the Oder which flows northward into Poland. East Germany's Environment Ministry said that its latest information indicated there was no danger to the upper reaches of the Oder which forms the border between East Germany and Poland.

A condensation vessel which burst in East Germany's sprawling Buna chemical factory on Tuesday seriously injured four workers and caused considerable damage, the East German news agency reported.

US envoys fail in Cyprus mission

By Andriana Ierodiaconou in Athens

TWO SENIOR United Nations envoys have tried, and apparently failed, to bring Greek and Turkish Cypriots closer to a summit meeting to negotiate a peace settlement on the divided island of Cyprus.

The officials, who spent five days in Nicosia and one in Ankara and Athens, are believed to have carried with them a proposal by the UN Secretary General, Mr Javier Perez de Cuellar, for a meeting between President Spyros Kyprianou and Mr Rauf Denktash, leader of the Turkish Cypriot community, to discuss a shortlist of priority issues.

The Greek Cypriots are understood to have reserved their position while the Turkish Cypriots are said to have set as a condition for agreeing to it the acceptance without reservations by the Greek Cypriot side of a draft federal settlement plan for Cyprus tabled by Mr Perez de Cuellar last March.

The Greek side has firmly rejected the plan on the grounds that it does not address in adequate detail key issues such as the withdrawal of Turkish occupation troops from Cyprus, and that it gives the Turkish Cypriots—about 18 per cent of the population of the island—what are regarded as excessive governmental powers.

Turkish troops invaded Cyprus in 1974 and occupied a third of its territory following a Greek military coup there. The island's two ethnic communities have been segregated ever since.

David Housego reports on redevelopment in the Massif Central

Economic revival in French valleys

IN ST ETIENNE and the deep-cut neighbouring valleys of the French Massif Central, where the scars of the industrial revolution remain in the form of abandoned steelworks and textile mills, a new economy is stirring into life.

The old red brick dyeing works at St Chamond which rises above the river like an Indian fort, is being converted by the municipality into offices and workshops. Among the first 19 businesses to move in are a costume jewellery producer, a garment manufacturer and a small electronics and industrial design firm.

Further down the Gier Valley, an Italian manufacturer of plastic injection equipment has built his first assembly plant in France at Lorette, tempted both by the proximity to his home base of Turin and the substantial subsidies on offer to settle in an officially designated depressed area.

Just outside the still Communist-controlled town of Rive de Gier, bulldozers have levelled part of the 19th century engineering works to build new homes and offices. But most evocative of all is the headquarters of Manufrance, the bankrupt small arms manufacturer which collapsed a few years ago.

Its handsome, barrack-like buildings are one of the major landmarks of the centre of the town. Sari, the Paris-based property group which has purchased them for redevelopment, is launching an advertising campaign in the French press to change the town's image with the slogan: "Let those who shed crocodile tears for St Etienne now eat their handkerchiefs."

St Etienne and its neighbouring valleys have benefited from accelerated Government aid under a programme established by former Socialist Prime Minister Mr Pierre Mauroy in 1984 to help the depressed steel, shipbuilding and heavy engineering regions.

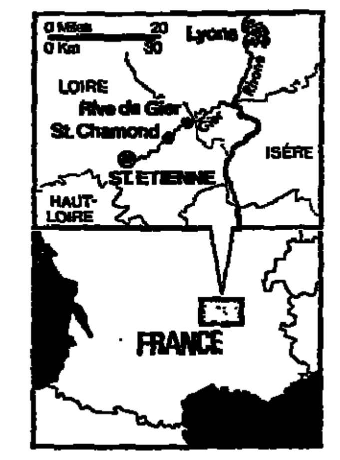
About FFr 660m (£69m) has been committed to St Etienne and to a second "pole of conversion" in the same department of the Loire, and about 4000 jobs have been created on the basis of official figures.

The funds have helped to finance road-building, housing and retraining, to subsidise industries setting up in the region, to rehabilitate and re-landscape old sites and to provide St Etienne with a robotics and industrial automation centre intended to provide an impetus to technology adaptation in the region.

The "poles of conversion" are now being run down by a conservative government hostile to the ideology of state intervention and assistance and in particular to the project of a Socialist Prime Minister.

Local opinion on their success is mixed. The additional Government funds have provided new motorway links and housing that otherwise would have taken years to negotiate. The Socialist municipality of St Chamond believes that the "pole of conversion" label has provided nationwide publicity that has attracted new companies to the region.

The programme has given a start to improving a decaying industrial landscape, but unions and industrialists are uncertain how many new jobs have been created. In the case of Sandretto, the plastic injection equipment maker state aid could have been decisive, as the company was turning towards investing in Spain after an earlier unhappy experience further north in France.



The region wants, however, to retain the state's help. "We don't like the vocabulary of 'poles of conversion'," says Mr Lucien Neuwirth, the conservative president of the departmental council, "but we want the funds." Cheerfully admitting to hypocrisy, he said: "For many years we bore the brunt of industrialisation of the country. Now we have the right to help to enable us to invest and begin again."

As in Lorraine and the industrial north of France, the coal resources of the region drew heavy industry into the valleys. The department of the Loire was the third largest industrial zone in France for much of this century — a centre for steel, armaments, shipbuilding and heavy engineering industries, and for firms like Creusot Loire. The larger groups have shed some 36,000 jobs in recent years.

With their virtual disappearance, what remains is a network of small subcontractors and tooling companies which have always been a feature of the region and which are now both a source of strength and weakness. On the positive side they provide a bedrock of experience in engineering and machine tools which can provide the base for new departures in robotics, automated equipment and the handling of new composite materials.

On the negative side, the valleys are inward-looking, with a slender record of experience in management and marketing. "They know how to manufacture, but they do not always know how to communicate what they make," says Mr Pierre Jacquier, the head of the Association for the Industrial Development of the Loire (ADIL). It has been trying to help the Loire area learn from the more prosperous Lyon region next door.

What St Etienne also lacks, according to Mr Patrick Decobecq, head of Decobecq, the French engineering design and automation consultants, is the type of spin-off that comes from having a major high technology group within its orbit—as Toulouse has with Aerospatiale and Montpellier with IBM.

Nonetheless Mr Jacquier believes that a corner has been turned at St Etienne and that there are signs of a new dynamism in local industry. He has a list of more than 100 companies from the food sector, to machine tools, plastics, information technology and mechanical handling, that he believes provide a springboard for future expansion and innovation. What is also important, he adds, is the widespread recognition in the area "that what we did before we cannot go on doing."

Tory may be next leader of Strasbourg

By Quentin Peel in Strasbourg

SIR HENRY PLUMB, the British Conservative leader in the European Parliament, and Mr Enrique Crespo, former Spanish Minister for Transport, a Socialist, yesterday emerged as the leading contenders to become next President of the Assembly.

The two were nominated by their respective groups for the contest scheduled for January when the current President, Mr Pierre Pflimlin, ends his 2½ year term of office.

Sir Henry, the former president of the British National Farmers' Union before he became a Member of the Parliament, was promised the support of the 119-strong Christian Democrats in addition to his own 63-strong European Democratic Group and hopes to be the sole candidate of the centre-right majority.

However, there is still resistance from some MEPs to appointing any British Conservative because they are associated with the ideas of Mrs Margaret Thatcher, the Prime Minister, and her battle to cut Britain's EEC contributions.

Mr Baron Crespo has the backing of the largest group, the 172 Socialists, but he also has the disadvantage that he is still a nominated rather than elected member: direct elections in Spain are expected to be held next year.

Both candidates would be the first representative of their country to be elected to the position of President, which combines the roles of figurehead for the parliament with a much more political function in negotiations with other EEC institutions, the Council of Ministers and the European Commission.

Chad high on agenda as Franco-African leaders meet in Lome

BY PETER BLACKBURN IN LOME

THE THIRTEENTH Franco-African summit is due to open here today with the conflict in Chad once again high on the agenda for representatives of nearly 40 African states expected to join President Francois Mitterrand of France and Prime Minister Jacques Chirac, for two days of talks.

The annual summit serves as a thermometer against which the warmth of France's political and commercial ties with French-speaking African states are tested. At the heart of these ties are defence and security agreements, and the African leaders see Chad as an important test of France's willingness to sustain its military role.

Mr Mitterrand is likely to be urged by President Hissene Habre of Chad to lend support to efforts to retake the north of the country, held by Libyan-backed rebels, and who currently are divided

Although French troops are already based at Njdamenda, the Chad capital, President Mitterrand is unlikely to commit them beyond their current back-up role, or provide the air cover that would be critical in any offensive against the rebels.

"We see northern Chad in the process of liberating itself," said Mr Michele Aurillac, the French Co-operation Minister.

For his part President Habre believes that with greater French backing, he could take advantage of rebel disunity and recover the occupied north. In recent weeks the rebels, led by former President Goukouni Oueddei appears to have disintegrated, and a substantial faction of the rebels led by Acheikh Ibn Oumar have broken away.

Tension between Mr Oueddei and Libya came to a head in October when the rebel leader was wounded in a shoot-out in Tripoli and Mr Oueddei's group appears to have been seeking a rapprochment with the Ndjamena government.

In addition to security, Africa's debt crisis is also likey to feature prominently in discussions. African leaders see France as one of its main advocates for more generous loans and more flexible terms from the International Monetary Fund, the World Bank and other lenders.

In addition to the Francophone group of companies the summit will be attended by leaders from other African countries. A total of 39 countries will be represented at the meeting, which ends tomorrow.

Tory may be next leader of Strasbourg

Lome

Andreotti at centre of storm over his Mafia trial evidence

BY ALAN FRIEDMAN IN MILAN

MR GIULIO ANDREOTTI, Italy's Foreign Minister and a veteran politician, was yesterday at the centre of a storm over testimony he gave this week before the judge and jury of the long running "maxi trial" in Palermo of 468 alleged Mafia bosses and killers.

The 67-year-old Mr Andreotti was being questioned about a conversation he had in April 1982 with General Carlo Alberto Dalla Chiesa, the special anti-Mafia high commissioner who was murdered in Palermo in September 1982 along with his wife.

The assassination of Gen Dalla Chiesa who was widely seen as the most honest and effective prefect to challenge the power of the Mafia, traumatised Italy, caused a political crisis in Sicily and, according to the indictment, in the current trial, was ordered by Mr Michele Greco, one of the principal defendants.

Lawyers for the general's family have accused Mr Andreotti of lying under oath about his 1982 conversations and are demanding that he be indicted for perjury.

Gen Dalla Chiesa who is said to have been making significant progress in unravelling links between the Mafia and senior Italian politicians was increasingly isolated in the last days of his life by the ruling Christian Democrat establishment in Sicily.

The family of Gen Dalla Chiesa which is participating in the Palermo trial as a friend of the court or "civil party" demanded last July that Mr Andreotti be called to testify. It also alleged in court that the general's murder "was the result of sinister co-operation between certain corrupt politicians and the Mafia."

General Dalla Chiesa wrote in his diary that during the meeting he had with Mr Andreotti in April, 1982, the latter discussed links between the world of politics and the Mafia. The diary reveals in particular that the minister brought up the subject of his own political allies in Palermo who have been accused of having ties to the Mafia.

However, Mr Andreotti, who testified for two hours on Wednesday morning (the court having moved to Rome for the occasion) denied ever having discussed these matters.

Coal-blackened Chancellor Helmut Kohl removes his helmet after emerging from a visit down a mine in Haltern, West Germany, yesterday.

Film faces Germans with industry's aid to Nazis

BY DAVID MARSH IN BONN

AN EPIC film on West German television tracing the history of IG Farben, the pre-war chemicals giant, is exposing for the first time for a mass audience the story of how the German chemicals industry collaborated with Hitler.

The German-produced saga, combining both fictional and documentary form, is the most serious and ambitious attempt to date to bring the Germans to terms with involvement of industry in the Nazi war effort.

The 8½ hour film, being shown at peak viewing time on the main television channel over the next fortnight, cost DM 18m (£6.2m) to make over five years. Starring Burt Lancaster and Julie Christie as well as German stars, it is intended for viewing in the US as well as other foreign countries.

The film spans the period between the founding of the great German chemicals cartel during the First World War to the sentencing of leading IG Farben executives for war crimes at the Nuremberg tribunal in 1947. Mr Bernard Sinkel, the author and producer, himself comes from a family of IG Farben executives.

The first episode, which details the tortuous First World War involvement of German chemicals groups in manufacturing poisonous gas (like other belligerent countries) was broadcast on Wednesday night.

West Germany is up in arms this week over the escape into the Rhine of toxic chemicals from Swiss companies. Additionally, remarks by Chancellor Helmut Kohl comparing Mr Mikhail Gorbachev, to Josef Goebbels, the Nazi propaganda chief, which have just caused a row with the Soviet Union, have underlined again how the country cannot escape its past.

One of the purposes of the film is to show how IG Farben has, in a sense, survived all Germany's vicissitudes this century. The three groups formed after the war when IG Farben was split up by the allies — Bayer, BASF and Hoechst—have recovered and prospered, representing perhaps the most remarkable example of the post war German economic miracle.

Just to underline the point, Hoechst through its $2.8bn takeover offer announced last week of Celanese Corporation of the US is now on its way to becoming the largest chemical company in the world.

The film—Vaeter und Soehne (Fathers and Sons)—uses a fair amount of dramatic licence to add entertainment value to a tale of military and industrial intrigue.

It does not shrink, however, from detailing the role of IG Farben in manufacturing Zyklon B, the gas used in the Nazi death camps. It also takes the step—unique for such German film productions — of portraying Hitler on the screen.

IG Farben although originally on strained terms with Hitler, proved crucial to the Nazi war effort by manufacturing synthetic oil and rubber. Its most notorious role was in setting up a fuel plant using forced labour under appalling conditions from the Auschwitz extermination camp.

A theme running through the film is that chemical factories, like other forms of technology, can be used for both good and evil purposes. One of the film's main characters, a fictional amalgam of two famous German chemists, Carl Bosch and Fritz Haber, laments that his breakthrough in synthesising ammonia — of huge commercial and military importance— was used to make bombs, not butter.

Pay demands likely as Swedish prices rise

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

CONSUMER PRICES in Sweden have risen by 3 per cent in the first 10 months of the year and are now perilously close to triggering the inflation clause in this year's national wage agreements. This will allow the trade unions in the private and public sectors to demand a renegotiation of the 1986 pay settlements.

The threshold in the national pay deals has been set at a year-on-year inflation rate of 3.2 per cent in December.

According to new figures released by the Central Office of Statistics (SCB) yesterday, consumer prices were still running at an annual rate of 4 per cent in October compared with a low point of 3.3 per cent in May—the lowest inflation rate in Sweden since October 1969.

The Government began to take administrative action this week to try to hold price rises under the trigger level, by postponing planned food price increases from November to next July with a SKr 1bn (£100m) support package to the agriculture sector.

The two-year pay deals in the private and public sector have already been reached at levels substantially higher than in several of Sweden's main trading partners.

The government estimates that the recent public sector settlement, reached only after several weeks of industrial action, will mean an increase of as much as 14.3 per cent in public sector labour costs in 1986-87.

There is clear concern in the Government that a new round of pay talks triggered by the inflation clause would only lead to a further erosion of Sweden's international competitiveness.

Other figures released by the SCB yesterday show that Swedish industrial production has virtually stagnated for the past two years, and is currently at a level only marginally higher than in the previous record fourth quarter of 1984.

Industrial production in the third quarter of 1986 was 1.4 per cent higher than in the second quarter, and 1.7 per cent higher than in the corresponding quarter of 1985.

The Central Statistical Office said that industrial production for the first nine months had risen by only 1 per cent, a much slower rate of increase than that previously forecast by most institutions in Sweden.

Danish current account deficit tops DKr 26bn

BY HILARY BARNES IN COPENHAGEN

DENMARK'S third quarter current account deficit increased to DKr 7.3bn (£663m) from DKr 4.8bn in the same quarter last year, according to official figures. This took the deficit for the first nine months to DKr 26.2bn, compared with DKr 28.4bn in the whole of 1985.

Mr Anders Andersen, the Economy Minister, said the third quarter figures came as no surprise.

Exports in the first nine months fell from DKr 132.8bn to DKr 127.4bn and imports from DKr 136.8bn to DKr 135.1bn.

The Government has forecast a current account deficit for the year of about DKr 33bn but expects a reduction next year as domestic demand slows down.

October new car registration figures provided the first statistical evidence that a slowdown is on the way following Government measures last month to penalise borrowing for private consumption and to encourage savings. Registrations were 10 per cent down on last year's October figure at 12,398.

Italian fear over pay demands

By John Wyles in Rome

MR GIOVANNI GORIA, Italy's Treasury Minister, yesterday expressed alarm at the threat to the Government's economic strategy being posed by both trade unions and members of Parliament.

In an article in the newspaper La Repubblica, Mr Goria warned that union strikes for pay rises above the rate of inflation and parliamentary amendments to the Government's budget proposals would lead to a dangerous boost to internal demand. The result would be deteriorating balance of payments, higher inflation, and a threat to the Government's job creation efforts.

Hise appeal is an attempt to prevent the Government's economic strategy being unravelled by pre-election politicking across a wide spectrum. No elections are due until 1988, but all the parties are hedging their bets against an early election next summer

The disease could be taking a firm hold in the lower house of the Parliament where defectors from the Government's five-party majority are exploiting the secret ballot to nail new spending programmes on to the 1987 budget proposals.

Their tally so far this week is L500bn (£246m) and rising. Though this remains only a small additional percentage to the Government's public sector deficit target of L100,000bn, Mr Goria is anxious to stop the rot.

On the pay front, negotiations are under way on new three-year contracts for some 13m public and private sector workers. No pace setting group has yet settled and a strike rash is now appearing across the public sector which could be both politically damaging and economically dangerous if the Government cannot impose moderate settlements.

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Lappas quits over Neue Heimat

By Andrew Fisher in Frankfurt

MR ALFONS LAPPAS yesterday resigned as chairman of the West German trade union holding company, BGAG, after the débacle over the sale of the debt-ridden Neue Heimat housing company, which creditor banks have just forced it to buy back.

The resignation was expected in the wake of the surprise turn of events on Monday, when BGAG finally succumbed to the banks' wishes and agreed to take back Neue Heimat from Mr Horst Schiesser, the Berlin baker owner to whom they had sold it for a nominal DM 1.

The secret and controversial sale of Neue Heimat, which has total debts of DM 17bn (£6m), to Mr Schiesser severely damaged the standing of the union movement and has harmed next January's general election prospects of the opposition Social Democratic Party

The union movement has also been forced to sell its bank, the Bank fuer Gemeinwirtschaft, to the Aachener und Muenchener insurance company, because of the cost of running Neue Heimat. This sale of a majority 51 per cent stake for just under DM 2bn was confirmed yesterday.

Mr Lappas, 57, was at the centre of one of the most dramatic episodes in the Neue Heimat affair, when he was briefly imprisoned last month for refusing to testify to a parliamentary commission about the housing concern, whose heavy losses have been accompanied by a wave of scandals in recent years.

The BGAG's supervisory board, headed by Mr Ernst Breit, leader of the German Trade Union Federation (DGB), was last night considering Mr Lappas's resignation, and was expected to accept it.

His decision to step down follows strong criticism among the country's 17 unions of the way in which the deal was handled, leading to the humiliation of having to repurchase it after leading banks refused to work with the unknown Mr Schiesser.

A new company is now being set up to run Neue Heimat, which has 190,000 homes, and gradually to sell off its assets.

Mr Schiesser himself was granted a DM 25m line of credit by the unions after selling it back, having claimed that the controversy over the deal had not helped his other businesses.

Manila murder mars Aquino's Tokyo success

BY ANDREW BAXTER IN TOKYO AND SAMUEL SENOREN IN MANILA

PRESIDENT Corazon Aquino of the Philippines yesterday flew home with Japanese pledges of strong support for her Government, including the promise of about Y100bn (£430m) in aid, only to contend with the murder of a key political supporter.

The body of Mr Rolando Olalia, chairman of the militant labour union KMU, was discovered yesterday at an undertakers' in a Manila suburb a day after he threatened to call a general strike if any attempt was made to destabilise Mrs Aquino's Government.

Rumours of a plot to seize power by disgruntled soldiers identified with Defence Minister Juan Ponce Enrile swept Manila during Mrs Aquino's four-day visit to Japan. Both Mr Enrile and Gen Fidel Ramos, armed forces Chief of Staff, denied the existence of such a plot, although Gen Ramos warned his men publicly against "military adventurism."

Mr Olalia and his driver disappeared on Wednesday night after a meeting with leaders of his union, whose 500,000 membership make it the nation's largest.

"The Japanese Government and people," Mrs Aquino said on her arrival in Manila, "will be our dependable allies in our efforts to rebuild our economy and country."

Nevertheless, the amount of aid pledged was considerably less than the Y260bn her Government had been seeking, and Mrs Aquino said in her arrival statement that she would dismiss a senior member of the country's special commission attempting to track down the wealth of Mr Ferdinand Marcos, the desposed President she succeeded.

The commission had revived an investigation into allegations that leading Japanese companies paid bribes to Mr Marcos to obtain contracts in Manila. This caused Mrs Aquino some embarrassment in Tokyo as she appealed for more investment from Japanese companies, including several which had been linked to the investigation.

Mrs Aquino: supporters' death

There have also been persistent allegations in Japan and elsewhere that aid under the Marcos regime failed to reach its intended destination.

Mrs Aquino was at pains in her departure statements to counter these. "I can assure the Japanese people," she said, "that the 26 or 27 newspapers in Metro Manila alone will be very quick in pointing out any irregularities."

Japan has pledged to extend about Y100bn in low-interest grants and loans in the current fiscal year, including up to Y40.4bn for construction of a coal-fired thermal power plant and a Y33bn commodity loan. Mrs Aquino, noting that this was more than granted during the Marcos Government in 1985-86, said Japan was sending "a very clear message" of support.

Australia experiences worst-ever trade deficit

By Chris Sherwell in Sydney

AUSTRALIA YESTERDAY reported its worst-ever monthly current account deficit, leading to renewed opposition accusations of Government economic mismanagement.

But the financial markets took the bad news in their stride, as they did last month, and the Labor Party Government easily defeated a censure motion from the Liberal opposition in the Canberra Parliament.

Yesterday's preliminary estimate of A$1.735bn (£780m) for the October current account deficit exceeded the previous record of A$1.66bn reported exactly one year earlier. The revised September figure was A$1.467bn.

There was little significant reaction on the foreign exchange markets, where the Australian dollar has been holding well above 64 US cents for the past month.

Mr Bob Hawke, the Prime Minister, acknowledged that the monthly deficit figure "could remain high for a while yet," and again forecast a significant improvement in the first half of next year.

Mr John Howard, the opposition leader, accused Mr Hawke and his Government of mismanagement.

Yesterday's figures showed seasonally adjusted exports down 8 per cent to A$2.9bn and imports 12 per cent lower at A$3.15bn.

● An influential advisory group said Australia's unemployment rate may be as high as 15 per cent, almost double official estimates, Reuter writes from Sydney. The Committee for Economic Development of the Strategic Issues Forum said its study shows that rapid technological development raises skill levels, leaving many Australians unemployable.

Andrew Whitley looks at the Likud backroom boys who have taken over power

'Shamir gang' inherits key to political door

THE FOREIGN Ministry works committee, the Israeli diplomats' trades union, was most upset. It had just learnt that Mr Shimon Peres, its new boss, was planning to bring a team of 17 personal aides with him to the Ministry.

The "Peres boys" a smart, articulate set of mainly US-educated men who created a sensation when they moved into the Prime Minister's office two years earlier with their well-groomed appearance and keen nose for public relations, were on the move.

Moving their belongings into the vacated offices are a very different bunch. Taking their cue from their boss, Mr Yitzhak Shamir—the new Likud head of government—they scorn ties and jackets. Nor are they likely to be seen at the health clubs springing up all over town.

The "Shamir gang" mixes members of the young guard from Herut, the right-wing Likud bloc's largest component, and its driving force, with a sprinkling of career civil servants holding the right political sympathies. Several key aides are still in their 20s or early 30s, fresh from the tumults of student politics.

They are the new generation of Likudniks, coming of age politically in Mr Shamir's second administration. Many, like Benny Begin, are the children of famous parents, notably former Jewish underground fighters against the British during the Palestine mandate.

Typical of the breed is Mr Tzachi Hanegbi, head of the Prime Minister's private office. The son of Mrs Geula Cohen, a prominent member of the extreme right Tehiya Party, he was once described by former Prime Minister Menachem Begin as being "like my son." With the shadow of the reclusive Mr Begin still hanging over Likud, there could be no greater commendation.

As keeper of the door leading to Mr Shamir, the young Hanegbi will play an important behind-the-scenes role over the coming years. Much the same function was performed until this week's handover by Mr Uri Savir, nominally the media adviser to Mr Peres.

A triumvirate of experienced officials will head the Prime Minister's office. The most senior politically is Mr Moshe Arens, the former Defence Minister, who is taking on a roving job as Minister without Portfolio, and will handle sensitive issues such as Soviet Jewry and Arab affairs.

Called back from Israel's Washington embassy, Mr Eliakim Rubinstein, a well-regarded career diplomat, becomes Cabinet Secretary in the Shamir Administration. Alongside him, in the key post of Director-General, Mr Shamir has placed his closest political adviser for the past six years, Mr Yossi Ben-Aharon.

By their own admission, neither Mr Shamir nor Mr Moshe Nissim, the Finance Minister, know anything about economics, so a special burden will fall on Mr Amos Rubin, who has asked to become the Prime Minister's economic adviser.

A professional economist from the Bank of Israel, Mr Rubin is best known for his startling assertion that the best way in which Israel could cut its heavy defence expenditure — at the heart of all the country's economic woes—is to slash the size of its armed forces and go public on its reputed nuclear capability.

Then there is the handpicked cluster of bright, young aides Mr Shamir is bringing with him from the ranks of Herut. Not all the jobs have been settled yet but it is generally expected that among those in the offices physically closest to that of the Prime Minister will be a former journalist, Mr Arye Mekel and another close aide, Mr Yossi Achimeir.

The young image that Likud is giving itself with the new team is no accident, as Mr Ehud Olmert, at 41, a highly influential Knesset parliament member, pointed out. Mr Shamir may have just turned 71, but in contrast to the ageing, familiar faces on the Labour benches in the Knesset, a much greater proportion of Likud parliamentarians are still under 45.

Prime Minister Yitzhak Shamir (right) with Mr Moshe Arens who takes on a roving job as Minister without Portfolio.

Behind the scenes this informal group of mainly young policy makers in and out of the Knesset is likely to have a decisive influence on the Shamir-led coalition's approach to the two interlinked, fundamental questions of the region: the future of the occupied territories and the next steps in the stalled peace process.

Mr Ben-Aharon, the Prime Minister's eminence gris, makes one point absolutely clear: there can be no question whatsoever of Israel withdrawing from the Arab-occupied territories whatever the Camp David agreements Israel signed with Egypt in 1978 may imply.

"It must be clear to the Arabs that we will be in the West Bank and Gaza forever; that we are there to stay," the Palestine-born official said in a recent interview. "The recognition by the Arabs that we will not be rolled back to the 1967 borders is a guarantee of peace."

Nor is the Likud unhappy at the prospect of stagnation in the peace process, in contrast to the often expressed concern of Western powers that this would lead inexorably to a fresh Middle East war. Mr Olmert, for one, talks of a de facto condominium administration evolving on the West Bank as a result of tacit understandings between Mr Shamir and King Hussein.

Surprisingly, considering the large numbers of apparatchiks to be found on both parties' parliamentary lists, it is in the Knesset that the party's chief political strategists can be found. Prominent among the under-45 group on the edge of the Cabinet are Mr Olmert himself, Mr Roni Milo, 36, a Deputy Minister, and Mr Dan Meridor, 39. Another trusted associate is Mr Uzi Landau, 43.

In a move to restore stability to the badly riven Herut Party, Mr Shamir last week offered the second position in the party to his principal rival for the leadership, Mr David Levy.

Recognition as the undisputed deputy is likely to be enough for now for the former poor Moroccan immigrant, whose main power base remains outside the Knesset, within the party's rank and file membership. In Parliament his closest ally among the Likud's "young princes" is the sharp Mr Meridor.

In a party riven by factionalism, this informal clique of intelligent right-wingers—pragmatic on domestic issues while remaining unswerving on foreign affairs—have tied their colours firmly to the mast of the Shamir-Arens camp, against that of Mr Levy and Mr Ariel Sharon.

Israelis are much given to complaining about the paucity of good leaders: Mr Peres and Mr Shamir may be decent, hard-working men, their followers say, but they are not a patch on their respective mentors, Mr David Ben-Gurion—Israel's first Prime Minister—and Mr Begin.

What is perhaps overlooked is the increasing influence the new generation is bringing to bear on their masters. The "Peres Boys," Israel's yuppies have now moved out of the limelight. But their Likud counterparts, just as ambitious and motivated, are aiming to show that they are no second-raters.

S Africa economic outlook has improved considerably

BY ANTHONY ROBINSON IN JOHANNESBURG

PROSPECTS for the South African economy have "improved considerably" in recent months despite heavy capital repayments and trade and financial sanctions, Dr Gerhard de Kock, governor of the South African Reserve Bank told businessmen yesterday.

Giving the keynote speech at the opening of the annual Financial Mail Investment conference Dr de Kock said that gross domestic product was rising at an annual rate of about 3.5 per cent in the third quarter which also showed a "dramatic" 26 per cent rise in gross domestic expenditure. This was due to a surge in inventory building, a 4.5 per cent rise in private consumption and a marginal increase in fixed investment.

Despite the economy's increasing momentum over the second half however overall growth for 1986 will be limited to only 1 per cent, because of a disappointing first half. But growth will rise to 3 per cent in 1987, provided that the gold price remains above $400 an ounce. This should be compatible with another current account surplus of around R5bn (£1.5bn) against this year's expected R5bn to R6bn.

Dr de Kock revealed that South Africa has repaid over $3bn in foreign debt in the last 22 months.

Mr Pik Botha, South Africa's Foreign Minister, yesterday denied Soviet claims that a powerful radio signal from South Africa has caused the air crash which killed Mozambique's President Samora Machel last month, Agencies report. Speaking on Madeira during a visit dubbed private, Mr Botha charged Moscow with levelling the charge to cover inadequacies of the Soviet-built aircraft.

Malaysia lifts newspaper ban

By Wong Sulong in Kuala Lumpur

THE Malaysian Government yesterday lifted its three months ban on the Asian Wall Street Journal, and agreed to allow its two Kuala Lumpur-based correspondents to return.

The decision was conveyed by the Home Ministry to the Kuala Lumpur high court just before the court was due to hear an application by the Journal to revoke the ban, imposed on September 27.

In expelling the paper's two correspondents—Mr John Berthelsen and Mr Raphael Pura—the Home Ministry said their presence was prejudicial to naional security. The two had written investigative reports about the declining Malaysian economy, as well as about controversial business deals by some ministers.

Last week, Mr Berthelsen succeeded in getting a supreme court order overturning the expulsion order on grounds he was not given a chance to be heard.

SOUTH ASIAN SUMMIT OPENS THIS WEEKEND

India gets tough before summit

BY JOHN ELLIOTT IN BANGALORE

TENSION has increased sharply between India and Pakistan in the past few days in advance of the second annual summit of heads of seven South Asian countries who meet in the southern Indian city of Bangalore this weekend.

The Indian Government has this month sent as many as 250,000 troops on unusually large and highly publicised manoeuvres in its north and western areas not far from the Pakistan border in an apparent attempt to stop Pakistan giving alleged help to Sikh extremists in the northern Indian state of Punjab.

This is believed to be intended to underline India's determination to be the dominant power in the region and has significantly been accompanied in recent weeks by Indian initiatives calculated to please three other neighbouring countries which will be at the summit—Sri Lanka, Bangladesh and Nepal.

Last weekend Indian police raided offices and homes of Tamil extremists in the southern Indian state of Tamil Nadu. This will, it is hoped, increase the chances of moves on a possible solution for Sri Lanka's Tamil ethnic crisis at talks tomorrow between Mr Rajiv Gandhi, Indian Prime Minister, and Mr Junius Jayawardene, Sri Lankan President.
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The troop movements in the border states of Punjab, Kashmir and Rajasthan, accompanied by reports of widespread cancellation of passenger trains in the area, have started speculation in India about an imminent outbreak of hostilities

But a war is not likely, if only because it would curtail Mr Gandhi's programme of economic and industrial expansion. A more realistic interpretation is that Mr Gandhi is demonstrating publicly in advance of this weekend's summit where he will have talks with Mr Mohammad Khan Junejo, Pakistan's Prime Minister, that India's patience with alleged cross-border support for Sikh militants has run out.

In this context it is significant that the Indian Government let police forces deal firmly last weekend with the Tamil extremists

It seems that Mr Gandhi feels he cannot pursue a policy of demanding that Pakistan stops sheltering Sikh extremists while India allows Tamil extremists free run

The South Asian summit is important because it provides an opportunity for talks between the seven countries' leaders who had never met jointly until the South Asian Association of Regional Cooperation (Saarc) was founded last December.

But South Asian politics being what they are, it was a request from Mr Jayawardene to be allocated a hotel bedroom next to Mr Junejo which caused most diplomatic consternation this week.

Indian officials say that Mr Jayawardene was merely trying to rest in a strongly guarded corridor. But India's tail was being tweaked because it does not approve of its small neighbours setting up their own liaisons.

Opec committee grapples with Saudi price demand

BY RICHARD JOHNS IN QUITO

A KEY committee of the Organisation of Petroleum Exporting Countries is meeting in Quito today to tackle the seemingly intractable task of trying to reconcile Saudi Arabia's demand for both a fixed oil price of $18 per barrel and a bigger market share for Opec.

Nevertheless, the three-man ministerial committee chaired by Sheikh Ali Khalifa al Sabah, Kuwaiti Minister of Oil, is expected to recommend an increase to the level sought by King Fahd of Saudi Arabia in line with the general political consensus which has emerged in Opec.

Kuwait's chief delegate, who was the main protagonist behind Opec's drive earlier this year to give priority to recovery of market share, is believed to be among those Opec leaders most sceptical about re-establishing a system of fixed prices centred on a reference $18 per barrel (on the basis of a basket of important crude varieties) by the beginning of 1987.

Nearly all Opec experts, quite apart from other market analysts, believe that the objective cannot for the time being be reconciled with the group's present agreed level of collective output of about 17m barrels per day and even more so the higher rate required if members' claims for bigger quotas are to be met at the next ministerial conference scheduled to start in Geneva on December 11.

Hisham Nazer: inscrutable solidarity

The four conservative Arab producers in the Gulf belonging to Opec—Saudi Arabia, Kuwait, the United Arab Emirates and Qatar—maintained a show of somewhat inscrutable solidarity at a meeting of the Gulf Co-operation Council early in November.

Any differences between Sheikh Ali Khalifa and Mr Hisham Nazer who was appointed the kingdom's acting Oil Minister after the abrupt dismissal of Sheikh Ahmed Zaki Yamani had not become public. It is at least clear that none of the four are prepared to contemplate any cut in their production quotas to make possible fixing of prices in a $17-19 range in the near future.

Saudi Arabia, meanwhile, is said by industry observers to have been maintaining a high rate of output this month with an average of nearly 5m b/d, not including its half entitlement from the neutral zone shared with Kuwait, compared with its current Opec quota of 4.353m b/d.

Other members of the pricing committee set up by Opec last month are Mr Fawzi Shakshuki of Libya and Sen Javier Espinosa Teran of Ecuador, the host of the meeting. Libya is aiming at a fixed price based on a $20 reference.

Ecuador would like to see higher per barrel receipts and is wel aware of the difficuties facing any attempt to fix prices in the $17-19 range if members minimal quota demands are to be accommodated.

The recommendations of the committee are to be passed on to a group of Opec experts who on November 21 will start talks in Vienna on how they might be implemented. The issue will then be thrashed out at the next full ministerial conference.

Mr Gholam Reza Aghazadeh, Oil Minister of Iran, which is one of the leading price advocates of maximising the oil price, together with Libya and Algeria, informed his Ecuadorian colleagues on Wednesday that he would not after all be attending. But Mr Arturo Hernandez Grisanti, Venezuelan Minister of Energy, was still expected to take part.

US optimistic at Vienna security talks

BY PATRICK BLUM IN VIENNA

MR WARREN ZIMMERMANN, head of the US delegation at the Vienna review Conference on Security and Co-operation in Europe (CSCE) yesterday gave a positive assessment of the conference's first two weeks. "We have had a good start to the implementation review," he said.

US negotiators had detected a degree of openness in relations with their Soviet counterparts and this was "a good and hopeful sign." He was pleased about the openness of Soviet officials towards representatives of human rights non-governmental organisations.

He described a Soviet proposal for holding a human rights conference in Moscow as a "very interesting idea" but said that the US would have some questions to ask first.

"Will (the Soviet Union) be prepared to have the same openness as the Austrian Government has had in Vienna?" he said.

It would be necessary to know how the Soviet public would be informed about the results of such a conference and what would be the fate of the 41 members of the Helsinki monitoring group now detained in Soviet jails.

Mr Zimmermann remained sceptical about a Soviet proposal to extend the scope of the second phase of the Stockholm disarmament conference to enable it to deal with force reductions across Europe.

He reaffirmed the US commitment to conventional arms control and to the 13-year-old Mutual and Balanced Force Reductions (MBFR) talks in Vienna and expressed doubts about the appropriateness of the CSCE forum to tackle force reduction. The US holds that other aspects of the CSCE process and especially human rights could be overwhelmed if arms reduction were added to its mandate.

Falklands trawlers 'must report catches'

A LEADING British fisheries official says every vessel granted a licence to exploit the new Falkland Islands fishing zone will have to report its catch daily, AP reports from Stanley, the Falkland Islands.

Mr Peter Denham, chief inspector of fisheries with the British Ministry of Agriculture, was interviewed on Falklands radio after spending a week in the South Atlantic archipelago to survey conditions for the fishing zone.

Britain's declaration of the fishing zone has raised tensions with Argentina, which claims sovereignty over the islands.

Spain, which has the third-largest fishing fleet in the Falklands area, has said it will defy the restrictions.

"This is the last unregulated fishery in the world, and it is one of the biggest," Mr Denham said.

He said two ships and an aircraft would patrol the 150-mile zone, and there would be supervision of vessels transshipping their catch in Falklands harbours.

There will be continual scientific assessment of fish stocks "so we do not kill oc this golden goose," he said.

Mr Denham said the most important species of squid in the fishing zone was definitely at risk. "If we let it go on, there will not be anything there," he said.

The catch, he said, would be controlled by limiting the number of vessels licensed to fish, a simpler method than that employed in the North Sea, where the nations involved are given quotas.

"Every licence-holder will be required to report in every day — where it is, what it is catching, when it entered the area — everything about what it is doing," he said.

Mr Denham refused to divulge what tactics would be employed if vessels decided to challenge British sovereignty the zone.

Reuter adds from Buenos Aires: Two Argentine senators said yesterday Argentina would soon be ready to sign fishing accords with Poland, Japan and Spain similar to two previous accords which set off the Falklands fishing crisis.

Robert Gibbens reports on a landslide victory in council elections

End of an era in Montreal politics

RESIDENTS OF Canada's second-largest city are still rubbing their eyes in disbelief at the sudden and crushing defeat in election last weekend of Montreal's once-invincible Civic Party, the political machine that maintained Mayor Jean Drapeau in power for nearly three decades.

The 70-year-old mayor, who gained international fame for his indefatigable promotion of the 1967 World's Fair and the 1976 Olympic Games, did not himself contest the elections owing to ill-health.

But such was the power he has wielded over the city since the 1950s, that last weekend's dramatic collapse was quite unexpected.

The opposition Montreal Citizens Movement, led by Mr Jean Dore, a 41-year-old labour lawyer, won 55 of 58 city council seats, with only one going to the Civic Party and two to independents.

The new Mayor faces the daunting task of getting Montreal's Francophones, the majority group in a multilingual city, to work with its Anglophones and others to restore the city to its once dominant role at the centre of the country's economy.

Mr Dore, a former separatist and assistant to Premier Rene Levesque of the Parti Quebecois, and his coalition of professionals, social activists and union leaders have spent 12 years trying to defeat former Mayor Drapeau and his powerful Civic Party machine, dominated by conservative small businessmen.

He represents the complete opposite of the autocratic style of Mr Drapeau and has succeeded in gaining wide support from the business community in the last few months of his campaign. For Montreal, it is the end of an era.

Mr Drapeau . . . 30 years in power

Mr Drapeau was a throwback to the heyday of big city political bosses. Often likened to the late Mayor Richard Daly of Chicago, the owl-faced mayor ran the city in a secretive, tight-fisted manner. Until the rise of the MCM in the mid-1970s, no one seeking office in the city of nearly 3m had any doubt who was in control, or what party to join if victory was to be achieved.

A man of impeccable charm, and fluently bilingual, Mr Drapeau is remembered abroad for the support he won for the World's Fair and the Olympic Games, despite the fact that Montreal was becoming a centre of Quebec separatist discontent and its financial authority was flowing to Toronto.

His charm, ultimately, may have been his undoing. The games were associated with gigantic cost overruns and construction industry corruption. Public criticism and inquiries over careless letting of contracts, particularly for the C$1bn Olympic Stadium, set in motion the rise of the MCM.

In the early 1970s, the Mayor often used the Montreal police force to break up strikes and other disturbances which marked the rise of the popularity of the separatist Party Quebecois. This won him no support from the voters of the future.

Despite a massive reorganisation of suburban communities and police forces, the city was also unable to shed its reputation as the country's centre of crime, generally run by Italian Mafia families.

Last August he handed over leadership of his party to Mr Claude Dupras, but too late to deflect the public's yearning for major change.

The idea of developing Montreal as an international centre, a gateway from Europe, yet within 400 miles of New York and Toronto seems to have intrigued younger Montreal voters.

Mr Dore played on this theme and captured the hopes and ambitions of Montreal's Francophone middle class.

At the same time he has offered a better opportunity for Anglophones and more recent immigrants, as well as gathering blue-collar support by a promise of economic revival and better housing.

Whatever his future success, however, it will take a long time for Montreal to forget Mayor Jean Drapeau.

Mexico approaches loan target

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO has received acceptances worth $4.5bn for the $6bn loan it is seeking from its international bank creditors to help it service its foreign debt this year and next.

The total puts it within striking distance of attaining the target of 90 per cent of acceptances required by the International Monetary Fund before it will formalise its own SDR 1.4bn credit to the government of President Miguel de la Madrid.

Despite a slow start to the syndication process, bankers are now increasingly hopeful that they will be able to meet the IMF's target by the middle of next week when the de la Madrid Administration is due to present its 1987 budget to the Mexican Congress.

Originally subscriptions to the loan were due to be in by the end of October, but it is generally recognised that this date was unrealistic given the need for many creditors to assess the loan package in detail and call board meetings before signalling their approval.

Several large banks, including some who contributed to a $500m bridging loan agreement for Mexico in the summer, also deliberately held back their confirmation for a while. This was so they could avoid appearing to have been steam-rollered into the agreement following pressure from the IMF and US Government which has actively promoted the deal.

The commercial bank bridging loan was part of a broader facility totalling $1.6bn to which the US and other governments and central banks also contributed. Drawings to date total $850m and the balance will become available once the IMF formalises its loan agreement to Mexico.

The attainment of the 90 per cent critical mass target on the commercial bank loan will thus provide Mexico with an immediate boost to its financial resources, but bankers also expect a tough uphill battle to complete the deal.

Resistance among smaller creditors to a fresh Mexican loan is very strong. Recurring complaints in the banking community include objections to the choice of creditors' exposure in 1982 as the base for calculating their subscription quotas as well as the additional contingency finance to which lending banks will be committed.

This totals $1.7bn and is drawable depending on oil prices and Mexico's general economic performance, but the formula under which Mexico's entitlement to draw on the money is unclear and many banks are reluctant to give the country carte blanche to seek extra funds.

Haiti's ruling military council appeals for calm

THE LEADER of Haiti's ruling three-man military council has called for calm after a third day of anti-Government protests, AP reports from Port au Prince.

Lt Gen Henri Namphy, who took power after dictator Jean-Claude Duvalier fled to exile, made a 15-minute nationwide broadcast.

He said citizens should not allow themselves to be manipulated by extremists trying to incite violence against the Government.

On Wednesday, about 3,000 demonstrators marched through the streets of Gonaives, the nation's fourth-largest city. Schools, stores and banks in the city shut on Monday in protest at the military council's use of soldiers last week to stop an anti-Government demonstration.

WORLD TRADE NEWS

Australia offers EEC ceasefire in subsidies war

BY CHRIS SHERWELL IN SYDNEY

EUROPEAN COMMUNITY officials have accepted in principle an Australian proposal for a "cease-fire" in the subsidies war which has convulsed international trade in agricultural goods over the past year.

The proposal, precise details of which have yet to be worked out, will also be put to the US. The overall aim is to provide an easier environment for forthcoming international negotiations covering farm trade which will deal with the question of subsidies.

In recent months, the competitive battle to win export orders through heavier subsidies has been sharpest between the US and the EEC. Australia feels it is one of the countries caught most woundingly in the cross-fire.

The initiative came from Mr John Dawkins, Australia's Trade Minister, during lengthy talks this week between the Canberra government and a European Community delegation led by Mr Willy de Clercq, European Commissioner for External Relations and Trade.

Mr de Clercq told Australians yesterday they "can count on us to continue to do our utmost, especially in our relationship with the US, to secure a cease-fire."

He qualified this, however, by first declaring that, "so long as other world partners fire the shots, we in the European Community cannot but defend ourselves."

Mr Dawkins called the proposal a "ceasefire or a freeze" on the levels of subsidies affecting international *agricultural trade, and said it* had the backing of the "Cairns group" of more than a dozen "fair-trading" agricultural exporters.

He added that the ceasefire would be fleshed out through discussions within the Cairns Group and with the US and Europe. He would be putting the idea *to Mr Clayton Yeutter, his* US counterpart. The proposal "could be the beginning of the end of the subsidies war," he declared.

To judge by the optimistic comments emerging from the discussions, the *often* tractious EEC-Australia relationship appears to have been put on to a fresh footing.

In particular, the two sides signed an accord identifying several areas of scientific collaboration, notably telecommunications, information technology, agriculture, biotechnology, materials and energy.

On the key trade issues, Mr de Clercq said the two sides had shared interests concerning the new round of negotiations in the General Agreement on Tariffs and Trade which are to cover services and intellectual property, as well as agriculture.

The EEC, he said, was willing to address the agricultural question as part of a global package—the issue "should not be dealt with separately on a fast track." The Community would also continue to reform its Common Agricultural Policy.

Quentin Peel reports from Strasbourg. Members of the European Parliament yesterday voted by a large majority for a plan to dispose of surplus EEC food stocks with an ECU 2.5bn ($2.6bn) fund, in spite of the likely trade tension which would result.

The idea which would have to be approved by the 12 member-states required special payments from their national budgets *in addition to their normal* EEC budget contributions.

The fund would subsidise sales of the Ecu 12bn cereal, butter, milk powder and beef stocks, on both internal and external markets

Budget Ministers are unlikely to approve the scheme,

THE new US Congress will hold Japan and other trade partners to very tough standards and retaliate against any unfair barriers to American trade, the head of a Congressional delegation said yesterday, AP reports from Tokyo.

Representative Dan Rostenkowski, chaiman of the House Ways and Means Committee, said Japan has not done enough to open its markets to foreign competition, and warned that the US "will not tolerate politically motivated barriers in countries with massive trade *surpluses*."

William Dawkins reports on the future of an industry still struggling to rationalise

European steel producers plead for continued help

TRYING to dismantle a cartel when its members feel threatened from all sides is not easy. But that is the task facing EEC Industry Ministers who meet in Brussels next Tuesday to debate the future of Europe's steel industry.

Before them they will have a passionately argued plea by Eurofer, the integrated steelmakers' association, that the present system of price and production controls which for the past six years has helped the industry to stagger through its worst recession since the war should be kept intact.

In exchange, Eurofer says its members are prepared to close 11.9m tonnes of their own production capacity over the three and a half years from next July 1 to December 31, 1990.

That would take a significant *bite* out of the EEC's present steelmaking capacity of around 140m tonnes (excluding Spain and Portugal) and represents more than half of the 19.8m tonne production surplus which the association believes will have built up in the Community by the end of the decade.

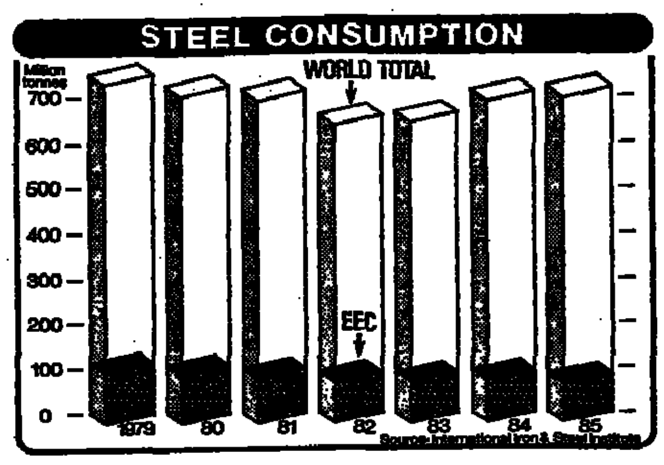
The scheme, which has the unanimous support of Eurofer's 22 member countries, is the producers' most concerted attempt yet to persuade the European Commission to defer its plans to liberalise their industry.

It is designed to supplant the Commission's present proposals to abandon quotas for four products at the end of this year, thus reducing from 65 per cent to 45 per cent the share of output under EEC control, and to scrap all quotas by the end of 1987.

Eurofer's ideas, presented to the Commission on Monday, are at this stage only an outline. The group wants the present cartel arrangements to continue unchanged until the middle of next year and then to give way to an unspecified system of controls to last until 1990.

It does not yet know how many job losses might be involved, though it proposes the creation of a social fund, to be financed from the EEC budget, to help areas hit by closures. The association also suggests that producers should be able to sell quotas to each other for Ecu 300 (£210) per tonne of hot rolled coil capacity.

The signs are that Tuesday's debate will be fierce, for the



12 member states are widely divided over whether the steel industry has recovered enough to survive without the protective controls introduced under the Davignon plan in 1980.

Eurofer argues that its members' trading prospects have got worse since the Commission drew up its liberalisation plans. The dollar's weakness has damaged European producers' export competitiveness, growing US protectionism has hindered access to an important market, while the Community has become increasingly vulnerable to imports from low cost Third World producers, it says. As a result EEC steel production is set to decline by 7 per cent this year, not a good time to put the market under yet more strain.

Different elements of that argument are likely to find sympathy in varying degrees from West Germany, France, Britain, Luxembourg and Belgium, who are known to want to proceed only cautiously with liberalisation. Italy is undecided, while the Netherlands is keen to scrap quotas, a move that would be to the advantage of the highly efficient Dutch producer, Hoogovens.

A majority of states at the last Industry Ministers' meeting in October appeared to support the relaxation of quotas for one product, galvanised sheet, where the market is fairly buoyant. But they postponed attempting a decision on the whole package until they look at Eurofer's forthcoming proposals.

The commission is not giving its view on the producer's plan until next Tuesday's meeting, but it is known to be sceptical over the industry's ability to agree cuts heavy enough to reduce capacity in line with sluggish demand.

A strong body within the Commission also feels that Eurofer is using the weakness of the dollar and Third World competition as excuses for its members' unwillingness to trade in a free market.

They point out that Eurofer's voluntary cuts look less radical against the Commission's own estimate of a 21.7m tonne steel capacity surplus for 1990, though Eurofer itself does admit that in the worst possible case, overcapacity might reach 24m tonnes by the end of the decade.

Even assuming Eurofer can win over the Commission, it then faces the task of working out exactly how and where the cuts will fall. That means striking a deal with the small independent producers.

Eurofer envisages reductions mainly in hot rolled coil and heavy plate production, areas where its members are dormant. The plan proposes the removal of about half of total EEC overcapacity, so it implies that any remaining reductions will fall on non-Eurofer members.

Their main representative, the European Independent Steelworks Association (EISA) broadly supports the Commission's quota scrapping plans and has little interest in holding up liberalisation.

Its membership is dominated by the Bresciani group of small Italian steel producers, flexible and dynamic operators who are unsympathetic to the big producers' position.

"We have always felt that capacity cuts should be made on a fair and even basis," says Mr Pol Boël, EISA's president. "That means that those who created the overcapacity should be the first to close it down."

CONTRACT TO BE SIGNED NEXT YEAR

Taipei, Jakarta tie up gas deal

BY JOHN MURRAY BROWN IN JAKARTA

INDONESIA, the world's largest exporter of liquefied natural gas (LNG) has completed 33 months of negotiations with Taiwan on a 20-year contract to supply 1.5m tonnes of LNG annually.

Mr Abdul Rahman Ramly, president-director of *Pertamina*, the state run oil company, said yesterday the contract would be signed early next year, with first shipment in 1990.

Pertamina is to resume price talks with Japan in Tokyo next month. Japan was until this year Indonesia's only gas customer—it signed a 20-year contract for *15m tonnes a year in 1973.*

An agreement with Japan which relies on Indonesia for 60 per cent of its LNG supplies, will determine the price levels used with Taiwan and South Korea.

South Korea last week received first shipment of a contract signed in 1983 for 1.5m tonnes over 20 years.

Indonesia has already agreed to pricing levels in line with world markets, where previously a government selected price (GSP) had been used.

Dr Subroto, Indonesia's *Energy Minister, has* conceded that the current GSP at $28 (£20) for Indonesian crude, was "unrealistic". Brent is selling at around $15 a barrel.

Indonesia's expanding market for LNG is a welcome boost when the Government is expecting oil revenues to drop by 50 per cent.

Pertamina is also poised to complete a 2,000bn BTUs spot sale of LNG to Distrigas of Boston, the US gas supplier, officials confirmed yesterday. This would be the first such sale this decade of LNG, normally dealt on a long-term contract basis.

Total, the French oil company, acting as Pertamina's go-between, hopes to tie up another sale this year with a further two-to-four for each of the next two years.

Pertamina yesterday signed a new agreement with Esso for exploration in Central Sumatra. This stipulates that Esso must spend at least $64m in the first six years.

It is only the third agreement this year compared with 11 in 1984 and five last year. The main problem has been the need to clarify the position on the new tax laws in place since January 1984.

Mr Frank Zybura, Esso's vice-president, however, also complained of "inflexibility" in Pertamina's policy with regard to high-risk areas, which still incur the 18/15 split of other contracts.

Airbus in talks with Irish leasing group

By Michael Donne, Aerospace Correspondent

AIRBUS Industrie, the European airliner manufacturing group, is discussing with GPA, the Shannon (Eire)-based financing organisation, future funding for any Airbus orders, especially involving the A-320 150-seat airliner. The aircraft is due to make its maiden flight next spring.

GPA has expanded considerably in the aircraft leasing market. Last week, it announced a joint venture with Fokker of Holland and Mitsubishi of Japan, to set up GPA Fokker 100, to buy up to 100 Fokker F-100 twin-jet airliners for leasing.

Airbus is known to be discussing potential A-310 and A-320 sales with various major airlines world-wide, including several in the US.

Canada threatens to pull out of air agreement

BY BERNARD SIMON IN TORONTO

CANADA HAS fired another round in an air traffic dispute with Britain by giving notice that it plans to withdraw from the International Air Services Transit Agreement (IASTA), which regulates airlines' overflying rights and landing privileges.

The Canadian Government served the required one year's notice of withdrawal in the wake of Britain's decision last month to take similar action on a 1981 air services agreement between the two governments.

The dispute follows the failure of the two sides to agree on terms for a renegotiation of the 1981 accord, which has enabled Air Canada to open a highly-successful route between Toronto, Bombay and Singapore via London, in exchange for expanding British Airways' routes to western Canada.

British Airways contends that the Canadian carrier is abusing its rights by picking up the vast majority of its Far East passengers in London at the expense of British and Asian airlines.

One indication of the success of the new route is that Air Canada earlier this year doubled the frequency of its flights to four a week.

The Canadians say that they account for less than 5 per cent of total traffic on the London-Bombay route and less than 2 per cent between Britain and Singapore.

If Canada withdraws from IASTA, all foreign airlines would lose their automatic overflying rights and technical stop privileges in Canada.

Such rights would have to be renegotiated in bilateral agreements. It is widely expected, however, that the two sides will settle their dispute within the next year.

Product development

Europe tries to heal its design schism

Christopher Lorenz examines the emergence of 'industrial design engineering'

IN A FEW months' time a striking new bicycle will go on the market. Unlike most other "portable" bikes, it is clean to use, quick and easy to fold, and light enough to carry, though it can also be wheeled along like a folded baby buggy. Its retail price is still secret, but it will be much cheaper than the tag of £300-plus which is carried by most competitive machines.

The bike is the brainchild of 28-year-old Mark Sanders. During the two years it took him to research, design and develop the project, Sanders left no stone unturned in his search for the ideal combination of consumer appeal, ease of production, high reliability, and low cost. His has been a textbook exercise in all-round design which many a big business would do well to emulate.

So it should be. For, as one of the first graduates anywhere in the world to benefit from a breakthrough in design education, Sanders is a pioneering member of an exclusive new breed: the "industrial design engineer."

Championed in the Netherlands since the mid-1970s by Delft University of Technology, and in Britain since 1980 by London's Imperial College of Science and Technology in partnership with the Royal College of Art, "industrial design engineering" aims to plug a *serious gap in the two* countries' manufacturing armoury: the dearth of *multi-disciplinary* product designers and design managers. This shortage helps make most European companies less effective than their Japanese competitors at combining the functional and visual aspects of *design into* successful products.

That the new discipline is already making an impact is shown by the fast-growing demand *from* employers for the handful of graduates from the Dutch and British courses in "industrial design engineering": 100 a year from Delft's under*graduate* programme and just 16 from the IC/RCA's postgraduate course.

In the Netherlands, Robert Blaich, managing director of industrial design at Philips, the electronics multinational, has stepped up his hiring of Delft graduates. "Some of my best people are from that school," he says. And in Britain, several companies now say that, having *employed Mark Sanders's fellow* alumni of the IC/RCA course, they would be loath to take on people without a similar educational background.

Strong interest is also being shown by the educational authorities in several competitor countries, notably France and Sweden. The Dutch and British have a head start at present, but may not hold it for long.

The gap which Delft and the IC/RCA joint course are both trying to fill, to much better effect than previous *educational* initiatives, results from a long-standing schism between two key product design disciplines which, by rights, should be closely related, *if not* combined into one: industrial design and engineering design.

So similar are their names that outsiders often confuse them. Yet *in most companies* they operate separately, and are frequently involved in the sort of inter-departmental warring and inefficiency which bedevils the desperate attempts of western companies to keep pace with the *rapid rate of new* product development in Japan and the rest of the Far East. Even where they are members of multi-disciplinary project teams, they are often light years apart in mutual understanding.

The profession of industrial design has become increasingly fashionable over the past few *years, as companies* have recognised the competitive power of design-led marketing. *Other* design disciplines, notably graphics, corporate identity and retail design are enjoying the same sharp rise in status.

In Britain this trend has been given added impetus by an unprecedented government campaign of publicity and subsidy, and by the floating of several *design consultancies on the* stock market. Suddenly, industrial design has been transformed into a widely acclaimed and increasingly well-paid profession.

In stark contrast, most British engineering designers continue to suffer from grey anonymity. Except for a few high-flying consultancies, and in spite of government efforts to elevate its image, engineering design *is* still generally seen as an activity characterised by relentless back-room grind, and rewarded with low status and poor pay.

Yet the fashionable industrial designer arguably has at least as much in common with the downtrodden engineering designer as he (most are male) has with his popular cousins in graphics, corporate identity and retailing.

Unlike that trio, both the industrial designer and the engineer are primarily concerned with the design and development of mass-produced *three-dimensional objects.* The industrial designer focuses more on market factors and aesthetics than the engineer, and is usually better at drawing *and communicating ideas,* while the latter normally possesses much more technical ability. But, at least in theory, both must be equally versed in a wide range of common skills, such as human factors (ergonomics), *design-for-reliability,* and design-for-production.

Mark Sanders with bicycle—a text*book exercise in all-round design*

One of the main aims of the Delft and IC/RCA courses is to build *on this common ground,* and give engineers more of the visual and synthesising skills of the industrial designer.

What the industrial designer invariably does have in com*mon with graphics* and the other newly glamourised offshoots of design, however, is a common background of creative, project-based teaching at art school *(or, in some* continental countries, at archi*tecture college).* Such colleges instil, above all, the notion that no problem has a single solution.

By contrast, most graduate engineering designers are the end product of an educational process, whether at university or polytechnic, which places a heavy academic emphasis on *science, textbook learning, and* specialised analysis. In the Netherlands and most other parts of continental Europe, this academic bias is balanced by extensive work on the practical side of engineering design. But in Britain graduate engineering education is classed, and taught, as an analytical science.

"Because of this emphasis, engineering students find their experience of engineering to be that of numerical theory rather than *practicality," complains* Professor Frank Height of the RCA. "Things like intuition and common sense don't come into it. There's always a correct *answer at the back of the book."*

His senior collaborator at Imperial College, Dr Cyril Laming of the Department of Mechanical Engineering, is even more blunt: "This is a school of engineering, yet things are hardly ever made—essentially it's paperwork." His remark betrays the fact that conservative *academics* at IC are still sceptical of the virtues of the joint course with the RCA.

But *many* company managers, and a growing body of academics, agree with Height and Laming that UK engineering has been far too unpractical ever since it assumed the mantle of "applied science" during the nineteenth *century.* Engineering courses actually teach students not to bother about design, claims Dr Charles McCaskie, technical director of Baker Perkins, one of Britain's leading engineering companies. "They are trained in a way that is alien to the design process," he argues.

McCaskie has just snapped up one of the brightest of this year's crop of IC/RCA graduates, 23-year-old Graham Lacy, whose first degree was in production engineering at Birmingham University. Lacy's electronic "bio-feedback postural monitor," which helps disabled patients learn how to stand and walk again, was the star project in this summer's RCA industrial design degree show, and several companies are now interested in making it.

Graham Lacy with his bio-feedback postural *monitor—start of this year's RCA degree show*

Like McCaskie, Lacy is intensely critical of the lack of real engineering design courses in the UK, and of the way that British engineering education *suppresses* creativity. "Over-analytical, over-mathematical, over-theoretical, and *totally* out of touch with reality," is how he describes it.

Two years ago *the Engineering* Council, which validates graduate engineering courses, set about the task of changing a century of bad practice, by *insisting that* all engineering courses should include design studies. Its efforts are *being* reinforced by the Science and Engineering Research Council. But it will be some years before they bear fruit.

Until then, with the exception of the lucky few who can get onto the IC/RCA course, British engineering graduates who are determined to become designers will have to take one of the few postgraduate programmes in engineering design, *or rely on their employers* to teach them. Not surprisingly, there are *relatively* few takers at present, except for those lucky enough to be sponsored by a handful of enlightened companies, such as Baker Per*kins* and Rolls-Royce.

In the meantime, the engineering design profession *is condemned to remain* populated largely by an ageing group of people who were trained as "technician designers," on college part-time or sandwich courses, before university and polytechnic *teaching* exploded in the 1960s. Though their skills and expertise may be considerable, this situation does not exactly provide a promising foundation for *the upgrading, broadening* and glamorisation of engineering design.

Even when things do change, and UK engineering education *really makes a substantial* shift towards the more balanced Continental pattern of theory combined with practice, the gulf between engineering design and *industrial design will* remain—unless the ambitious Delft and IC/RCA models are adopted widely by other colleges. None of the older educational attempts to narrow the gap (see right) goes far enough to do so, let alone *actually* to bridge it.

At Imperial College and the RCA, everyone involved with the joint course agrees that, if Britain is not to be overtaken, the programme must be emulated *elsewhere* — preferably with the sort of extra resources and commitment that IC's mechanical engineering department is now seeking for the course from other departments at the college.

Professor Height of the RCA sees the course as "just a beginning." In healing the traditional schism between the two sides of product design, he advocates nothing less than a breaking down of the Victorian legacy of separate university and art school systems.

Over at Imperial College, Cyril *Laming* warns that "so long as the split continues, art and design schools *will* go on being *fashion* houses, and universities will continue to be *houses* of science.

Because of the deeply entrenched positions of both sides, Laming argues that the best prospect lies with neither *art schools nor universities,* but with the polytechnics "getting their act together and presenting courses that are truly re-designed for the engineer-artist *in the modern world."*

Since by no means everyone in the design education establishment agrees, he would settle instead *for* a new type *of university degree in design* and technology. But, to keep it out of the clutches of the scientists, it would *have* to be clearly separate from engineering. Whichever *route* is chosen, it is clear that radical innovation on a broad front is needed if more would-be designers are to get the chance to break out *of what Paul Ewing, IC's tutor* in industrial design engineering, calls "the creative wilderness" of Britain's higher education in engineering.

Challenge of technology

MOST past attempts to narrow the schism between *industrial* design and engineering design have concentrated on giving *industrial* design students some knowledge of engineering as part of their *first degree or (usually)* diploma. The Imperial College/RCA course takes an opposite and more thorough approach by turning qualified *postgraduate* engineers into industrial designers of a particularly high calibre; hence the term "industrial design engineer." Delft's programme is different again: it teaches both subjects in parallel on an integrated *four-year* undergraduate course.

Of the conventional courses, one of the best-known is offered by London's Central School; in common with Manchester Polytechnic, it even calls its programme Industrial Design (Engineering).

Malcolm Johnston, principal lecturer at the Central, reaffirms his college's faith in its tried and tested approach. The aim, he says, is to help give industrial and engineering designers *a good* awareness of each other, but not to combine them into a single discipline. "You can't produce someone who's good at both," *he insists.* In any *case,* he maintains, the two sides complement each other *in project teams* in industry, and this reduces the need for all-in-one product designers.

Though the Central's type *of approach* may have seemed appropriate in the past, there is a growing body of independent opinion that the relentless increase in the complexity *of modern electronics* and materials is reducing its effectiveness. Such courses are not long enough, nor their students sufficiently well-qualified in mathematics and other technical subjects, to provide more than a basic knowledge of the engineering side of design and production.

Robert Blaich, managing director of Philips' industrial design centre, argues that the traditional type of course is inadequate nowadays, even though his company does put industrial and engineering *designers together as part of inter-disciplinary project* teams.

So the route charted by Delft and IC/RCA, of turning *highly qualified* young engineers (like Mark Sanders and Graham Lacy) into "industrial design engineers," may now be the most effective.

THE GLENLIVET — MUCH SOUGHT AFTER

In 1747, whisky was distilled with much conviction.

For the Highlander, distilling whisky was as natural as breathing air.

Generation after generation inherited a passion for turning the water of the glens into the 'water of life'.

Whisky wasn't just his traditional national drink. It was his bread and butter. Distilling was virtually the only way he could turn his victuals into cash to pay rents, reward his workers and to feed and shelter his family.

But by the middle of the 18th century, the government made this well nigh impossible.

Thirsting for revenue, it imposed prohibitive taxes on whisky making.

While some Highlanders were brought to their knees and paid up, many others took their stills and skills, and fled to the remote mountain areas to produce their beloved whisky illicitly.

The Highlanders see red.

Almost immediately, excisemen, or gaugers, were despatched North, to stamp out the practice and apprehend the offenders.

This angered the Highlanders. To them it was the government and its red-coated lackeys who were the criminals, taking the very bread from their mouths.

Robert Burns (who, ironically, became an exciseman later) expressed the nation's sentiments in venomous verse: "Thae curst horse-leeches o' th' Excise, Wha make the whisky stells their prize! Haud up thy han', Deil! ance, twice, thrice! There, seize the blinkers! An' bake them up in brunstane pies for poor damn'd drinkers."

Such was the Highlanders contempt for the law that it was not even considered a disgrace to go to prison for illicit distilling.

Indeed, in Dingwall Gaol convicted distillers were treated with privilege, being allowed out on Sundays and special occasions.

One prisoner even approached the governor, with the remarkable proposition that they set up a still together in the gaol.

Such widespread defiance made curbing the outlaw whisky makers a hopeless task.

As one illicit still was closed down, another began. And in 1747, one particular still began, which was to become the most famous distillery of them all. THE GLENLIVET Distillery.

The Name Dropper.

The founder of THE GLENLIVET Distillery was one John Gow, alias Smith.

He was a veteran of Culloden, having fought and lost on the side of the ill-fated Bonnie Prince Charlie, and was forced to flee his old haunts near Braemar for fear of his life.

He took his family North, hid in a remote valley and dropped his gaelic name Gow in favour of Smith, to baffle the English soldiers.

(Which explains why such a Sassenach name appears on our label.)

There he settled down for a quiet, anonymous life of farming and, of course, illicit distilling.

The Well of Fortune.

As luck would have it, John Smith had made his new home in the precise spot where the water and the peat were the best in Scotland for making malt whisky.

He had discovered Josie's Well.

It is the pure Highland water that springs from Josie's Well that makes THE GLENLIVET so special.

We can't explain it. It just does. And there is no other well that performs the same magic. THE GLENLIVET made with any other water would not be THE GLENLIVET.

By the time John Smith's grandson George, inherited the still in 1817, the fame of the illicit GLENLIVET had spread far and wide.

"It is worth all the wines of France" opined the Doctor in Sir Walter Scott's St. Ronan's Well, "and more cordial besides."

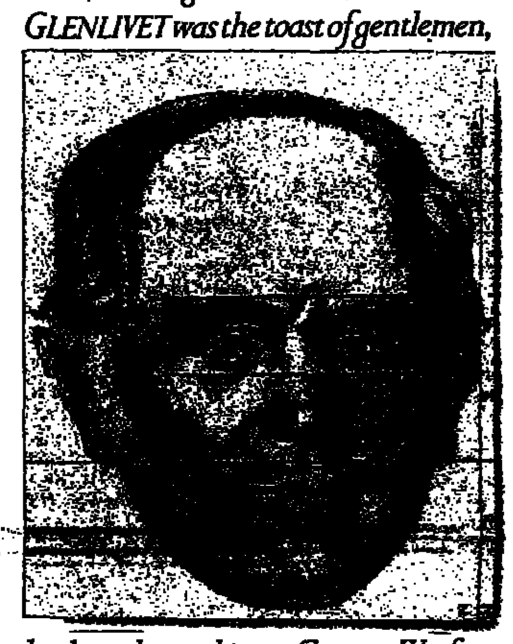
Praise indeed for THE GLENLIVET's "cunning chemists," as Scott called George Smith and his workers.

Christopher North, who in 1827, wrote a famous series of sketches in Blackwood's Magazine, quoted James Hogg, the Ettrick Shepherd: "Gie me the real Glenlivet, and I weel believe I could mak' drinking toddy oot o' sea-water. The human mind never tires o' Glenlivet, any mair than o' caller air. If a body could just find oot the exac' proportion and quantity that ought to be drunk every day and keep to that, I verily trow that he might leeve for ever, without dying at a', and that doctors and kirkyards would go oot o' fashion."

Going straight.

Such a celebrated whisky couldn't remain illegal for long.

(Although outlawed, THE GLENLIVET was the toast of gentlemen,



lords and even kings. George IV of England was said to drink "nothing else.")

It was the Duke of Richmond and Gordon (George Smith's landlord) who eventually put THE GLENLIVET on the strait and narrow.

He persuaded Parliament to pass the Act of 1823 which made legal distilling worthwhile.

The following year George Smith took out the very first licence. Making THE GLENLIVET Scotland's first malt whisky.

People had been enjoying it secretly for 77 years. Now it existed. Officially.

The rest is history. THE GLENLIVET's unique subtle taste and distinctive 'nose' has been appreciated ever since.

Try a dram and experience its magical properties yourself.

These days, you can't go to gaol for what you're drinking.

Scotland's first malt whisky.

TECHNOLOGY

US takes standards initiative in race for ISDN

BY JANE RIPPETEAU

A MOVE by a standards setting body in the US to set a key component of the future telecommunications system known as the integrated services digital network, or ISDN, has sparked suggestions that the Americans could reverse Europe's heretofore lead in this advanced teclaology.

Europe has not agreed to a comparable standard.

"It is likely the US will surpass Europe on ISDN," claims Paul Butcher, product manager for Mitel Semiconductor in the UK. "We are already seeing signs of that by the number of people who are designing our components into their products," he adds.

Mitel Corp a Canadian company 51 per cent owned by British Telecom, had lobbied for the standard because it has already developed products compatible with it. The company is one of the leading suppliers of semiconductor chips for ISDN functions.

ISDN is a concept for using the existing telephone system to greater advantage: using it as the single carrier, or "digital highway," for voice, data, still-frame video and eventually motion video and audio. It is expected to evolve gradually over the next decade.

It could be of considerable benefit to business users, in particular, because of expanded communications capabilities at lower costs. For one, it promises to eliminate multiple networks, for telephones, computer communication, telex, facsimile and other equipment.

But for this to work, standards are required so that products made by different manufacturers will be compatible. An international body called the Comite Consultatif International pour Telegraphie et Telephonie (CCITT) has already set world standards for certain parts of the network.

The agreement in the US, however, is a step towards standardising a remaining key chunk of the network within the US, the world's largest single market for telecommunications equipment. Some executives believe it gives suppliers — particularly semi-conductor manufacturers which design the chips that make ISDN equipment possible — enough confidence to begin developing products that conform to a specific format.

At the same time, the deregulated telephone operating companies in the US are anxious to have ISDN because it would expand the communications services they are able to offer customers. "The Bell companies have a vested interest to see ISDN develop quickly," notes J. Francois Crepin, director, strategic planning at LSI Logic Corporation in Milpitas, California.

Both factors could speed evolution of ISDN in the US, and give an edge to manufacturers there, executives say.

The agreement "provides a basis for the American semiconductor manufacturers" to design products for volume production, says Martin Ward, technical director at GEC Telecommunications of the UK. This will pare their costs and when they "want to sell in Europe, there will be a strong temptation for European equipment manufacturers to design in their chips."

That could lead to a "a de facto standard in Europe," he adds.

The segment of the network concerned in the US standard is that between local exchanges (called central office switches in the US) and customers' premises, where other protocols take over to govern links to various communications equipment such as telephones, computer terminals, facsimile and other machines.

In industry jargon, the premise-to-exchange segment is called the "U interface." (Standards-makers simply used the alphabet to name different locations in the network.)

The formal standard itself is not expected to be finished and adopted until late next year, according to William Utlaut, chairman of the committee responsible, called T1D1, a unit accredited by the American National Standards Institute. He adds that the basic format is expected to survive the review process in tact.

The agreement, among members which included representatives from around the world, is to develop a standard built upon a specific format for coding digital information sent over the public telephone network in the US. It was reached at the end of August.

The actual proposal which broke a continuing impasse in the deliberations came from British Telecom, according to Utlaut.

The development of a U interface standard is necessary in the US because the telephone environment there, unlike most of Europe, is deregulated.

US regulatory bodies have stipulated that equipment for this interface should be open to competition. In Europe, the telephone operating monopolies, known at PTTs, want control of that portion of the network to remain in their hands. They contend that each PTT will have its own proprietary designs, so there is no need to have a standard.

Siemens, the West German electronics giant, in Munich, for instance, has already developed such a proprietary integrated circuit for the West German PTT, the Bundespost.

According to committee chairman Utlaut, Siemens executives were among those fighting to have the coding format they have already developed, adopted as the standard. "Every manufacturer that had proceeded (with its own design) was trying to get their code adopted," he says.

Siemens executives point out that a standard in Europe for the U interface is difficult to set in any case because of diffrences in telephone networks such as cable thicknesses and lengths that affect design of transmission systems.

Not everyone agrees that a lack of standards in Europe, or elsewhere, will be harmful.

"Chip makers, depending on what market they are in, will have to develop different chips for different interfaces," says Hans G. Geyer, marketing manager Europe for Intel Semiconductor, the Munich-based unit of Intel Corporation of California. Because of similarities among different standards, design modifications could add only 20 per cent to chip costs, he says. Geyer expects some "few dozen different standards worldwide now" to be reduced to under a half dozen.

Some companies stand to benefit directly. Siemens, for instance, could retain lucrative sales in its protected home market. Costs may not be affected since PTT's pricing policies do not necessarily reflect their costs.

In any case, any European supplier desiring US sales would have to design for the standard there. Ward of GEC concedes that although his company is already trying out its own U interface chip, "in the next iteration, we will have to adapt" to the "slightly different coding" chosen for the US.

The CCITT committee that set worldwide standards for other parts of the ISDN network says it does not intend to set one for the U niterface in Europe or anywhere else.

"In the four years we developed basic standards for ISDN, it was not possible to agree on all details, including the U interface," says Theodore Irmer, director of CCITT. "We will never go into such detail."

To Ray Gleason, world marketing manager, PUlessey Semiconductors, which has developed one ISDN chip, that underscores "the problem with Europe. There are too many many vested interests."

Surge in computer use by UK engineering

By David Thomas

USE OF computers in the UK engineering industry has grown rapidly since 1983, according to a new survey carried out by Benchmark Research for Engineering Computers magazine.

Last year, the UK engineering industry spent £560m on computer hardware, boosting the value of the installed base to £2.5bn, up from £750m in 1983, according to the survey which was of 655 companies.

The survey found that there had been substantial growth in all three hardware areas — micro, mini and mainframe. But Engineering Computers, which summarises the survey's main points, warns: "the mini market is beginning to suffer from sales stolen by high-performance micros and workstations now available at a fraction of their old price."

Some 6 per cent of the machines in use are mainframes; 28 per cent are minis; and 66 per cent are micros, according to the survey.

About 65 per cent of plants use computers for manufacturing management purposes. Much of the growth in this area is now on the replacement side: relatively few new users are turning to computers for stock control, costing and sales order processing. However, growth rates among new users are high for shopfloor data collection and maintenance.

Computers are used for mechanical design in 40 per cent of plants; for production engineering in 20 per cent; and for electronic design in 12 per cent, according to the survey.

The survey says that the leading supplier of micros to manufacturing by a long way is IBM with about 7,500 installed machines. Next comes Apricot with 2,700, followed by Hewlett Packard with 1,500.

DEC is the leading mini supplier, with 3,100 installed, compared with IBM's 1,000 and Data General's 790. Hewlett Packard comes next, followed by ICL and Honeywell.

IBM is the dominant mainframe supplier with 583 machines installed, followed by ICL (199), Burroughs (173) and Honeywell (168).

Computers in Engineering. Benchmark Research, Franks Hall, Horton Kirby, Dartford, Kent DA4 9LL. £3,500.

Software is torn off a strip

DATA DISTRIBUTION at low cost is the claim for a new system developed in the US called Softstrip.

Instead of recording programs and data on magnetic disc or cassette tape, the material is encoded as tiny black and white rectangular areas down a strip of paper, or as several "strips" on a single sheet of office paper. An immediate advantage is that the information can be duplicated at high speed and low cost on an office copier.

The recipient is armed with a Softstrip reader (about £200) which plugs directly into most computers. The reader optically scans a full length strip in about 30 seconds.

The data strips can be created on dot matrix printers but the company says that "other products will follow." Softstrip is talking to a number of companies about using the technology in their computer systems. More in London on 631 3775.

WORTH WATCHING

Edited by Geoff Charlish

VOICE-DRIVEN computer-aided design is offered by Manufacturing and Consulting Services of Andover, Hampshire, UK (0264 50022).

Instead of using either a keyboard or a "mouse" (touch-screen device), the designer is able to literally tell the company's Anvil-100MD CAD system what to draw. The system has been developed in conjunction with Kurtzwell Applied Intelligence of Waltham, Massachusetts, in the US.

Anvil-100MD runs on the IBM PC AT, XT or compatible models and all its abilities are retained in the voice-driven version. The company believes that difficulties in the man/machine interface using keyboards and mice are effectively overcome by using voice.

HOLOGRAPHIC TECHNIQUES for optical pattern recognition have been developed at the US Government's Sandia Laboratories in Albequerque, Nex Mexico, US (505) 844 4207.

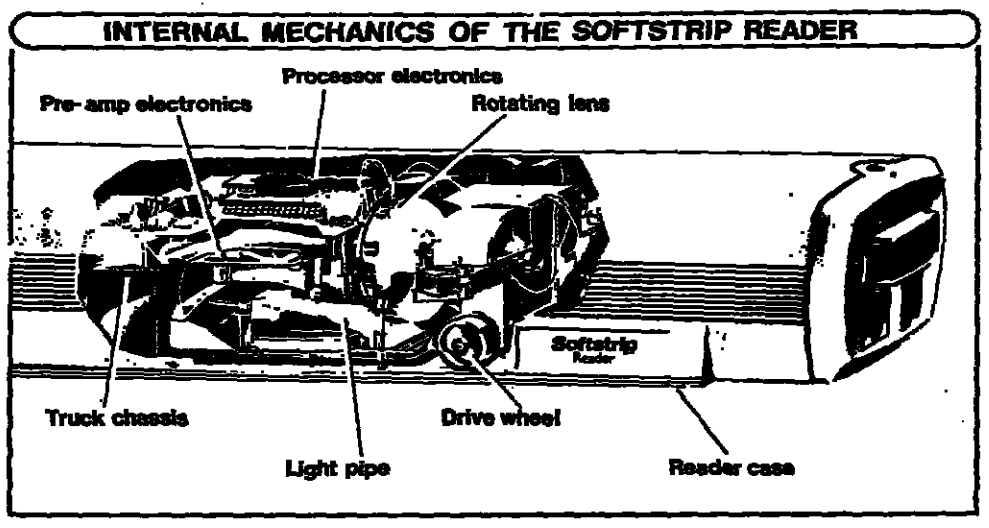
The holograms are not like the visible variety which give three dimensional illusions of objects. Instead, images from the object to be identified are stored in such a way that the information is always adequate to identify it by computer, regardless of scale, perspective, distortion or even partial obscuration.

ELECTRONICS SALES in Western Europe will expand by 7.5 per cent in 1987 according to the 1987 Yearbook of West European Electronics Data newly published by Benn Electronics of Luton, UK.

The market research company expects the total market for electronic equipment and components to reach $113bn next year, compared with $105bn in 1986 and $97bn in 1985 (at constant 1985 values).

Growth during the remainder of the 1980s is expected to be slightly lower at an average annual rate of about 6 per cent, the yearly figure reaching $135bn by 1990. The electronic data processing segment will do best, with a projected average annual growth over the 1985-1990 period of 11.2 per cent. More about the yearbook, which costs $550, from Benn Electronics Publications on 0582 421981.

INTERNAL MECHANICS OF THE SOFTSTRIP READER



How French can define strength of character

TEXT RECOGNITION systems based on software originally developed by CIT-Alcatel are being made by another French company, AI Vision Systemes of Neuilly.

Called Stirca, the equipment uses a CCD (charge coupled device) camera to capture images of characters which it tries to match with templates from commonly used type faces. If it fails, its computer quickly analyses the character in terms of its loops, curves, straight lines and intersections. A reading speed of 150 characters a second is claimed. More from Mme C. Moulin at the company in France on 1 4624 2592.

DIAMOND-LIKE coatings and the applications and markets for them are to be studied in a multi-client programme at Battelle Memorial Institute, Columbus, Ohio, US.

Thin films of these carbon coatings can have properties similar to those of natural diamonds. Deposited under suitable conditions, they are wear-resistant, relatively inert and transparent. They also have high electrical resistance and will conduct heat easily. As a result, the coatings have potential applications in electronics and optics as well as mechanical engineering.

Battelle says that although extensive research is being conducted in the US, Europe and Japan, the results are fragmented and it will therefore try to pull all the information together. The company participation fee in the 12-month programme is $8,400. Battelle is in Columbus on (614) 424 7984 or in London on 493 0184.

The real proof of a bank's strength lies in its performance. And as you see, over the past few months we've put together some pretty impressive deals – from a major acquisition financing for International Paper Company to a Deutsche Mark bond underwriting, in Germany, for Cathay Pacific Airways.

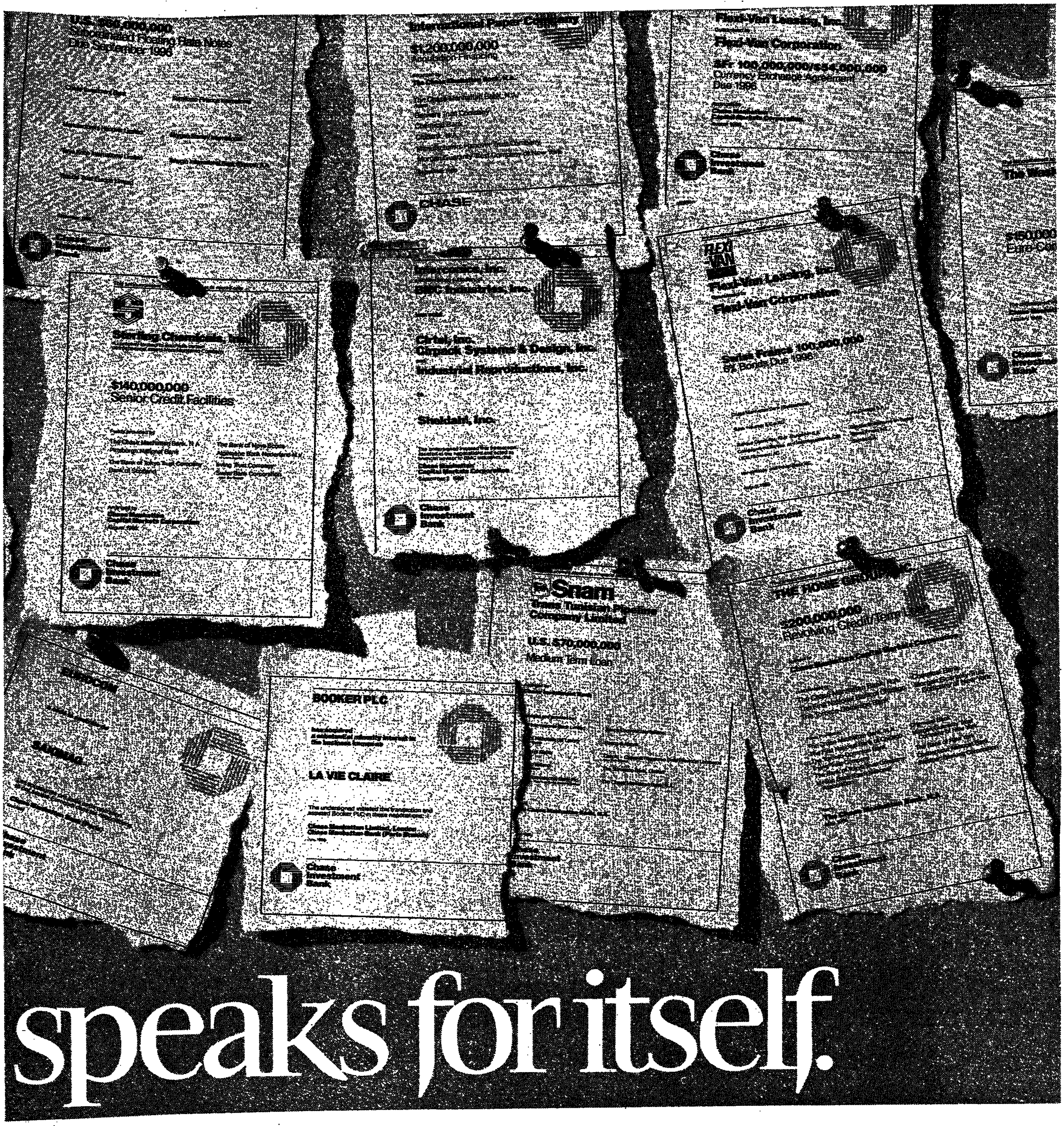
Fact is, our performance places us among the best in the world of investment banking.

What gives us our edge?

It's a combination of characteristics no other bank has.

For starters, there's our sheer size and strength – a total capital base of over $8.5 billion. And an unsurpassed customer base worldwide.

Add to that our fully integrated global network. This is especially important with today's increasingly complex deals involving more and more multi-national participants.



And then, of course, there are the Chase people.

People with expertise in all fields, from mergers and acquisitions, to swaps, foreign exchange, options, futures, securities trading, trade finance and electronic banking.

People capable of working in partnership, with their clients and with one another.

A network of bankers able to work quickly to meet customer needs.

This total global banking capability that integrates size, international network, specialized industry knowledge and the broadest range of investment banking products is what sets Chase apart from other financial institutions around the world.

But, without execution, all of that would just be talk. The real proof is the deals we've put together.

They speak for themselves.

CHASE

BANKING

Trinidad thins out finance houses

BY CANUTE JAMES, RECENTLY IN PORT OF SPAIN, TRINIDAD

THE CENTRAL bank of Trinidad and Tobago has moved to contain a threat to the country's financial sector by closing five troubled finance houses whose operations it had suspended in September.

The finance houses, part of Trinidad and Tobago's once-booming network of non-bank financial institutions, had been unable to meet the demands of investors who had deposits totalling TT$393.7m (US$109.36m). The central bank ordered them closed after it had put up the equivalent of US$40.8m in an effort to keep them solvent.

The finance houses were born out of the boom spawned by high prices for petroleum, which accounts for 80 per cent of Trinidad and Tobago's export earnings. They borrowed at interest rates above those offered by commercial banks, and lent at an average of three points higher, mainly for the purchase of consumer durables and real estate.

"A range of services is offered by these institutions—trust services, trade confirming, leasing, factoring and merchant banking," explained Dr Euric Bobb, governor of the central bank. "The non-banks also serviced the faster growing areas of activity in the booming economy—construction and construction related services, real estate and property development and certain areas of manufacturing."

The deposits held by the five which are being closed represented just over half of those held by all finance houses, and one-sixth of deposits held by non-bank financial institutions.

The central bank said it was forced to take the action "as a result of continuing deterioration of the financial conditions of the companies ... as reflected in their increasing dependence on the bank for liquidity support to satisfy cash obligations due."

The collapse of the finance houses presented a threat to the country's other non-bank institutions, and to the commercial banking sector, and come hard on the heels of increasing problems for two of Trinidad and Tobago's largest conglomerates. The problems, bankers and economists agree, are part of the fall-out from the steady deterioration in the economy.

Trinidad and Tobago's once booming network of non-bank financial institutions has been badly affected by the economic recession in the islands, which depend on petroleum for 80 per cent of their export earnings

"The situation has been contained by the action which the bank has taken," said Dr Trevor Farrell, director of research at the central bank. "If there was to be a ripple effect, we would have seen it already.

"The failure of the finance houses need not threaten the financial system," suggested Dr Compton Bourne of the social sciences faculty of the University of the West Indies. "Those which crashed were always likely to crash."

The collapse of the five houses, however, is likely to put pressure on the other nine in the country. The conditions which led to the problems of those which are being closed have not changed.

"These companies committed a classic error in banking," explained Mr Len Hackshaw, president of the Trinidad and Tobago Chamber of Industry and Commerce. "They lent long and borrowed short."

Trinidad and Tobago's economy is in the grip of a recession following the oil price collapse. Mr George Chambers, the Prime Minister and Finance Minister, devalued the local currency by 33.3 per cent last December. Consumption has been cut and unemployment is rising.

"The assets of some of the affected companies have been tied up in real estate as the property market has been on the verge of collapsing over the past year," Mr Hackshaw said. "The companies just cannot dispose of their assets and, consequently, have become insolvent."

Dr Bobb reported that deposits in finance companies, which had grown by 22 per cent in 1983, fell by 11.9 per cent in 1984 and by a further 7 per cent last year.

The central bank's action against the ailing finance houses was taken seven months after it introduced a deposit insurance scheme, similar to the FDIC of the US. Each depositor in the finance houses will be able to get a maximum of TT$50,000.

While the non-bank financial community studies the lessons from the collapse of the five companies, manufacturers and distributors are growing increasingly concerned at problems which have overtaken the two well-established conglomerates, and which sparked a takeover battle.

The companies, the Kippalani group, the country's largest retail merchandising empire, and McEnearney / Alstons (McAl), whose operations included motor vehicle assembly, paint manufacturing and brewing, began recording heavy losses with the start of the recession.

"In the current economic climate, we have not been able to raise the necessary funding to meet our commitments to our employees, our bankers, our creditors and our customers," Mr Gul Kirpalani, chairman of the group, explained recently.

The seven Kirpalani companies, which employ 3,500, were recently put into receivership following the breakdown of negotiations with bankers over the rescheduling of debts of TT$60m.

McAl, whose assets were put at TT$250m projected a TT$30m loss this year, after losing TT$42.9m last year, encouraging two other companies to try to buy 51 per cent of its shares.

An offer from Associated Brands, the snack food and confectionery manufacturer, to pay TT$18.9m for the shares was soon withdrawn in the light of the counterbid by Angostura Holdings, rum distillers, of TT$30.4m. The offer, which represents TT$1.50 a share, was revised to TT$1.25 a share—a proposal which the stock exchange rejected while agreeing to the first.

Although the company has closed its vehicle assembly plant, which accounted for most of its losses, McAl shareholders, apparently fearing further damage from the deteriorating economy, are saying the Angostura offer should be accepted.

Fiat acquires stake in Credito Romagnolo

BY ALAN FRIEDMAN IN MILAN

ITALY'S FIAT Group has acquired a key minority equity stake in Credito Romagnolo, one of Italy's richest private banks. Fiat is understood to have paid around L40bn (US$28.6m) for 2 per cent of the Bologna-based bank. It is not known from whom Fiat purchased the shares.

The shareholding, although nominally small, gives Fiat a major foothold in a private bank active in one of Italy's most prosperous and industrialised regions, Emilia Romagna. Fiat itself has important car components, factory automation and tractor operations in the region, at Modena and Bologna.

Because shares in Credito Romagnolo are widely held, a 2 per cent stake can have a disproportionately larger influence on the board. The only other shareholder with a bigger stake is Mr Carlo De Benedetti, who holds 5 per cent via his Sabandia and Sasib subsidiaries.

Mr Cesare Romiti, Fiat's managing director, said he had informed Mr De Benedetti of the deal and the Olivetti chief had expressed his "satisfaction."

Mr Romiti linked the Fiat stake to a joint venture agreed two months ago involving the bank and Fiat in a plan to form a company to restructure small businesses. The venture, Comeba, will have among its participants Fiat's Fidis financial subsidiary holding 26 per cent, Romagnolo 20 per cent and West Germany's Dresdner Bank 10 per cent.

The arrival of Fiat in Credito Romagnolo, which has 188 branches and total deposits of L6,738bn—is unusual in Italian finance because it is a rare case of Fiat and Mr De Benedetti grouped together as fellow shareholders. Stockholders say the previous enmity between the Olivetti chief and Fiat has been transformed into an understanding that the two groups can occasionally co-operate.

Both Fiat and Mr De Benedetti are keen to expand their banking interests but both have been told by the Bank of Italy that they cannot expect to be allowed to acquire the Bank of America's Italian subsidiary, which is currently on the auction block and which both have expressed an interest in acquiring.

UK NEWS

Modest manufacturing recovery continues

BY JANET BUSH

BRITISH manufacturing output picked up between the second and third quarters, continuing the modest recovery in recent months, but it still remains only marginally above the level recorded in the second quarter last year.

The overall increase in output was unevenly spread across the various sectors of manufacturing industry. Production of chemicals and man-made fibres increased by a healthy seasonally adjusted 3.1 per cent between the second and third quarters, but production of metals and other minerals declined sharply, according to figures published yesterday by the Central Statistical Office.

Output of consumer goods industries in the third quarter was only 1 per cent above the level recorded a year ago. The figures suggest that British industry is not producing nearly enough to satisfy consumer demand which was 5 per cent higher in the third quarter than a year ago. Surging consumer demand, it seems, is still largely being met by imported goods which bodes ill for Britain's balance of payments.

The Central Statistical Office said that in the three months to September manufacturing output rose 1 per cent above the previous three months while the overall output of Britain's production industries rose by 1.5 per cent.

Compared with the third quarter 1985, manufacturing output has risen by 1.0 per cent and overall production by 2.0 per cent.

Within total production – which includes oil, gas and coal production and electricity generation – extraction of mineral oil and natural gas rose sharply by 6.3 per cent between the second and third quarters. The statisticians traced this to abnormal seasonal patterns and said there had been less impact this year than last because of maintenance work in the North Sea.

There was also a strong rise in chemical production between the second and third quarters. The statisticians noted that this sector appeared to move in a similar pattern to overall manufacturing and could be a hopeful sign for a stronger all-round performance by British industry.

The CSO's index of manufacturing output stood at a provisional 105.6 (1980=100) in September compared with 104.3 in the previous month. The industrial production index was at 111.3 (1980=100) in the latest month after 110.5 in August.

Separate provisional figures published yesterday by the Department of Trade and Industry show that capital expenditure by the manufacturing, construction, distribution and financial industries in the third quarter totalled £4.7bn.

This was virtually unchanged from spending in the second quarter but almost 2 per cent lower than in the third quarter of 1985.

TOTAL BRITISH PRODUCTION DOWN 7%

Austin Rover car output falls

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER'S car output fell by 18.5 per cent to 293,585 in the first nine months of this year compared with the same period of 1985, reflecting the company's relatively poor showing in the UK new car market.

Both the other major UK-based manufacturers, Ford and General Motors, increased car output marginally, but not enough to compensate for the Austin Rover shortfall. Consequently, total UK car production in the first nine months fell by 56,115 cars or 7 per cent to 741,161.

According to statistics to be published shortly in the Society of Motor Manufacturers and Traders' Monthly Statistical Review, output was also adversely affected by a 5 per cent drop in the Peugeot Talbot total arising from problems with its Iran export contract.

Austin Rover, part of the state-owned Rover Group, has pushed up export sales so far this year but has suffered badly in the UK market from the uncertainties and unfavourable publicity generated by the major management shake-up which included the appointment of Mr Graham Day as executive chairman and managing director of Rover.

At the end of last month Austin Rover's share of UK new car sales had fallen to 16 per cent compared with 18 per cent at the same time in 1985 and its unit sales had slipped from 296,328 to 265,445 or by 10.4 per cent.

The company's problems continued in the first 10 days of this month and its share was down to 12.1 per cent compared with Ford's 28.11 per cent and GM's 17.5 per cent.

Both Ford and GM import from their European factories nearly half the cars they sell in the UK. They have been under pressure from the British Government to increase car output in the UK and the recent fall in the value of the pound against other currencies makes this a matter of economic necessity.

However, by the end of September, Ford's car production had improved by only 3.4 per cent to 240,001 while GM's output was up 2.2 per cent to 117,000 compared with the first nine months of 1985.

Peugeot Talbot is now assembling the Peugeot 309 from French kits for the UK market at its Ryton, Coventry, factory but its total production has been seriously affected by the suspension of work on its Iran contract.

This was once the British motor industry's biggest single contract and in 1984 some 90,000 kits were shipped to Iran (for assembly into the Peykan, that country's best-selling car) worth £130m.

But Iran no longer can find the foreign currency to pay for the kits and none have left Britain since January when 7,800 were dispatched. Peugeot Talbot recently suspended work at the Stoke, Coventry, factory, axing 150 jobs and laying off another 180.

● Chris Sherwell writes: Jaguar Cars, the British luxury car manufacturer, is to join Rover Group in taking a stake in JRA, Rover's Australian subsidiary which is now the subject of a management buy-out. The buy-out is Australia's biggest, and when it is completed at the end of the year will result in up to 30 senior JRA executives and a group of Australian-based international investors holding 60 per cent of the company.

NINE MONTHS' CAR OUTPUT	1985	1986
Rover Group:		
Austin Rover	360,345	293,585
Range Rover	10,408	9,829
Group Total	370,174	303,883
Ford	232,069	240,001
General Motors-Vauxhall	114,504	117,042
Peugeot Talbot UK	47,203	44,824
Jaguar/Daimler	28,114	30,092
Rolls-Royce	1,778	1,865
Others	3,434	3,344
Total	797,276	741,161

Source: Society of Motor Manufacturers and Traders

Sale of unused land to be enforced

By Joan Gray

THE GOVERNMENT intends to take new powers to force local authorities and nationalised industries to sell 65,000 acres of unused land in their ownership.

Mr John Patten, Housing Minister, has told planners that he intends to legislate to speed up procedures for tackling the "scandal" of underused land owned by public bodies.

The proposed legislation will probably form part of a local government bill being drafted for later in this session of parliament.

It will force owners to volunteer information about idle land for the Government's land register, and will streamline the procedures for directing them to sell unwanted land.

"The Government has made a determined attack to get such land brought back into use," said Mr Patten. "Since the registers of unused and neglected land were set up in 1981, over 40,000 of the 150,000 acres registered have been removed because they have been brought into use by the owner or sold."

The total area sold amounts to some 24,000 acres so far, but local authorities still own some 60,000 acres of underused land and nationalised industries about 25,000 acres.

Mr Patten now wants all public sector landowners to speed up their programme of disposals voluntarily before measures are taken to force them to sell.

He is also encouraging people to draw attention to pieces of publicly owned land suitable for registration as underused and to ask him to use his powers of directing them to sell it.

"Increasing numbers of such requests are being made," he said. "A substantial programme of forced disposal is underway, and as evidence of our determination to get land back into use we have initiated the statutory procedures on more than 140 sites."

"However, the statutory procedures are elaborate, cumbersome and time consuming. We therefore propose new legislation to improve the database of idle land and to streamline the statutory procedures."

Scottish demand for policy changes to halt industry drift

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

URGENT CHANGES are needed in government competition policy to protect the interests of regions such as Scotland and prevent control of important Scottish companies drifting away to the south east of England, a conference in Scotland was told yesterday.

Dr Neil Buxton, deputy principal of Glasgow College of Technology, said that where corporate mergers affecting regionally based companies were not amicably agreed they "should be forbidden on regional grounds."

Dr Buxton said that the Scottish economy was suffering heavily from the drift of decision-making to the south-east of Britain, as a result of takeovers and mergers. The trend was accelerating; since the beginning of 1985 Scotland had lost control of companies such as House of Fraser, the stores group, Arthur Bell, the whisky distillers, Coats Paton the textiles concern and Distillers the drinks group.

It often meant a departure from Scotland of skilled managers and financial and legal specialists as well as research and development work, he said. Dr Buxton was delivering the keynote address to the annual international forum of the Scottish Council Development and Industry, a two-day gathering at Gleneagles, Perthshire, of almost the whole of Scotland's business, political and union leaderships.

His proposals on merger policy were among a series of recommendations aimed at reversing what he saw as the less than impressive performance of the Scottish economy over the past decade. Since 1973 some 250,000 jobs in manufacturing industry had disappeared. The Scottish economy relied heavily for employment on the North Sea oil industry and on new service industries, neither of which was a very secure base.

He called for the devolution of power from Westminster to a Scottish Assembly as a long-term measure aimed at reversing the drift of economic decision-making away from Scotland. It would put decision making into the hands of people who had first hand experience of the issues involved.

In the meantime, he said regional aid should be stepped up, and the Scottish Development Agency (SDA), which worked for Scotland's economic regeneration, should intervene to help ailing indigenous Scottish companies.

Thatcher gets Gorbachev letter on arms control

BY PETER RIDDELL, POLITICAL EDITOR

A PERSONAL message from Mr Mikhail Gorbachev, the Soviet leader, was yesterday delivered to Mrs Margaret Thatcher, Prime Minister, on the eve of her departure this afternoon for talks in Washington this weekend with President Reagan.

The Prime Minister saw Mr Leonid Zamyatin, the Soviet Ambassador, in London, for about 30 minutes when he gave her Mr Gorbachev's letter. This contains "some ideas for consideration" on arms control following last month's Reykjavik summit between the US and the Soviet Union.

British Government officials yesterday declined to comment on the content of the letter and denied that Mrs Thatcher was acting in any way as an intermediary.

Mrs Thatcher has made plain that Britain should maintain its nuclear deterrent and as part of European defence even if deep cuts are agreed in US and Soviet strategic nuclear weapons.

Ahead of the meeting, Dr David Owen leader of the Social Democratic Party (SDP), sent a long letter to Mrs Thatcher asking her to emphasise to President Reagan that the Alliance parties do not share in any way the Labour Party's unilateralist approach to British nuclear weapons or its commitment to remove US nuclear bases from Britain.

He said that in a pre-election atmosphere it could be easy for the US public to get a false impression because of the use of the generalised term opposition.

Gas shares 'will be under 150p'

BY LUCY KELLAWAY

BRITISH GAS shares are "almost certain" to be priced at less than the maximum 150p set out in the Pathfinder prospectus, Mr Michael Richardson, of NM Rothschild, the merchant bankers, said yesterday.

The assurance came despite fresh evidence of the enormous interest created by the sale. The latest survey of public response, published yesterday, shows that one-in-three – or 15m – people in the UK are interested in buying British Gas shares, while 5m seem certain to buy them.

The research, commisioned by Dewe Rogerson, the public relations group which has managed the marketing of the issue, is based on 2,000 responses from people throughout Britain. It is the latest in a series of surveys which show that public awareness of the issue has now risen to 87 per cent of the population.

Meanwhile, the number of investors registering their interest is still going up, with the latest figures showing nearly 8m inquiries. The lists for registering are due to close by this weekend, and Rothschild is not expecting any last-minute dash of callers.

Mr Richardson said that the shares would be allocated so that private investors applying for large numbers of shares would be likely to get a decent sized allocation.

If – as Rothschild expects – the issue is more than twice subscribed, about two-thirds of the shares will go to the public. Unlike previous issues, "people should be able to get a proper amount of shares this time. With 4.5m shares available to the public. I think there will be enough to go round," Mr Richardson said.

On the subject of multiple applications, he said that the most sophisticated computer methods yet employed would be used to weed out investors putting in more than one application form.

Virgin flotation, Page 17

Planners reject City office plan

Financial Times Reporter

AN APPLICATION by MEPC, the property group, to re-develop a large part of London Wall on the edge of the City of London – a street of offices largely rebuilt in the 1960s – has been rejected.

Rejection will be seen as a setback to planning efforts to encourage development around the periphery of the City in order to preserve the historic centre

APPOINTMENTS

Chairman of Clarke Construction

Mr J. A. G. Clarke has been appointed chairman of CLARKE CONSTRUCTION, building subsidiary of the Clarke Group. He was appointed a non-executive director of Clarke Securities, the parent company, earlier this year. Before joining the group, Mr Clarke was group chief executive of the Bath & Portland Group. Following its acquisition by Consolidated Gold Fields in 1985 he became a consultant to ARC, the parent company of Consolidated Gold Field's non-mining interests.

★

Mr Philip Davies has been appointed chairman and chief executive of BRITISH MAGAZINE PUBLISHING CORPORATION, publishers of Banking World and Sportsweek among other titles. He recently left the Ladbroke Group where he ran the Home and Law magazine division. **Ms Della Sar** becomes marketing director of Pergamon Journals on January 2. Both companies are in the BPCC group.

★

Mr A. C. Warren has been appointed senior international executive, trade related services, with NATIONAL WESTMINSTER BANK'S international banking division, based in London. He was a senior vice president with the bank's executive office North America, in New York.

★

After 14 years as managing director of PAPROPACK, Hull, **Mr Jeremy Simpson** becomes a non-executive director, to devote more time to his chairmanship of Gordon Russell, in which he has a major shareholding. Taking over many of his responsibilities at Papropack is **Mr Edward Brocklebank**, production director, who becomes general manager.

★

ERNST & WHINNEY has admitted as a partner **Mr Ivan Carruthers**, who will be based in Belfast. He will become head of the firm's Northern Ireland tax practice, and was formerly district inspector of tax with the Inland Revenue and senior tax manager with Arthur Andersen.

★

EMI RECORDS (UK) has appointed **Mr David Munns** as director of artists and repertoire and **Mr Andrew Pryor** as director—pop marketing, from December 1. Mr Munns was director artists development, and Mr Pryor was general manager, EMI label division.

★

Mr H. A. Fane has been appointed executive chairman of CENTRAL TRAILER RENTAL, Bromley, a member of the Tiphook group. He was managing director, and is succeeded by **Mr E. A. Clemson**, previously sales director.

★

Mr Ralph Jessop, managing director of Crowcon Instruments, a HALMA group company, has been appointed to the safety division board of Halma.

★

Dr Raffaele Lombardini, general manager, Europe, has been appointed an international director at MIDLAND BANK INTERNATIONAL from January 1. He will also advise the chief executive, international, on investment and private banking strategy.

★

Mr Christopher Wates has been appointed for a further three years as chairman of ENGLISH ESTATES. He is chairman and chief executive of Wates Building Group. **Mr J. C. Macfarlane**, vice president for UK operations of Cummins Engine Co Inc, has been re-appointed to the board of English Estates for a similar period.

★

TECHNICAL COMPONENT INDUSTRIES, Chesterfield, has appointed **Mr Denis A. Robson**, a senior partner at Cooper Lancaster, as deputy chairman. Also joining the board is **Mr Michael J. Wells**, managing director of Ancon Stainless Steel Fixings, which was acquired by TCI last July.

To market UK airport expertise

The group services division of BAA, based at Gatwick Airport, is to appoint its first director of marketing. From early 1987 **Mr Michael Halper** will spearhead the drive to sell BAA's expertise to potential users at home and abroad. BAA has also taken over the consultancy operations of its associated company, British Airports International, leaving that company free to concentrate on airport management. Mr Halper transfers from BAI where he is currently managing director.

★

Mr Harry Hemens has been appointed to the newly created post of managing director, commercial operations, at SODASTREAM. He was managing director, UK division. He joined as marketing director in 1979.

★

Appointed directors of HESELTINE, MOSS & CO., a member of the Brown Shipley Group, as: **Mr Philip Michael Dyson** (Reading); **Mr Denis McSweeney** and **Mr David Harold Ings** (London); and **Mr Jeremy John Mudford** (Chichester).

UK NEWS

Turner returns for AE with higher offer

BY DAVID GOODHART

TURNER & NEWALL (T&N), the mining, automotive and engineering company yesterday renewed and increased its bitterly contested bid for engineering group AE and narrowly topped the agreed offer made earlier in the month by Mr Robert Maxwell's Hollis Group.

T&N narrowly failed to win control of AE in September and in normal circumstances would not have been allowed by the Takeover Panel to re-bid for another 12 months.

After last month's Panel inquiry into the failure by AE's advisers to disclose indemnity agreements those advisers were censured and T&N was freed to bid again at any time and in any form.

The new offer, which is final and closes on December 5, is 11 T&N shares plus £8 in cash for every 10 AE shares which values each AE share at about 271p and the whole company at £271m about 6 per cent above its last offer. The Hollis offer values AE at about £264m.

T&N starts in a strong position as it already holds 29.9 per cent of AE bought before the last offer lapsed in September. The company said yesterday that holders of a further 14 per cent of AE had stated that "it is their present intention" to accept the new T&N offer.

Sir Francis Tombs, chairman of T&N, said the offer had been renewed "because we still believe in the powerful industrial logic of combining the two companies." He added that the Hollis offer had no industrial logic and that the AE management had destroyed their credibility by agreeing it.

Hollis is a small publicly-quoted timber merchant and furniture manufacturer which is controlled by Mr Maxwell's Pergamon Press and made pre-tax profit of £770,000 on turnover of £52m in 1985. It has recently become a vehicle for Mr Maxwell's interest in engineering and has just acquired two struggling companies with engineering interests.

No further money for teachers, Baker says

BY PETER RIDDELL AND DAVID BRINDLE

NO MORE government money will be made available to finance a teachers' pay deal, Mr Kenneth Baker, the Education Secretary, said in the House of Commons yesterday.

He underlined the Government's tough line of appealing over the head of the teachers, arguing that any further disruption would not be lightly forgiven by parents and the country.

Mr Baker declined to comment on the negotiations between the employers and the unions. The Government would judge any outcome of the negotiations against the background of the conditions and teachers' duties and responsibilities already specified.

A bill, probably with reserve powers to impose a settlement on the teachers if necessary, is expected within the next week or two. It may be rushed through to become law by the end of the year and so overtake any deal agreed by the unions and employers under the existing machinery.

Mr Baker said that it was up to the local education authorities to enforce such contracts and it is likely that the bill will tighten the legal requirements for authorities to enforce contracts against teachers, or otherwise face possible legal action from parents.

His statement came as the local authority employers and teaching unions were edging towards majority agreement at the London headquarters of the conciliation service, Acas, on the sixth day of talks between the two sides. A final document is due to be considered for approval today.

Virgin share flotation attracts 50,000 tender applications

BY TERRY POVEY

THE FLOTATION of Virgin Group has attracted more than 50,000 applications for shares, a jubilant Mr Richard Branson, the entertainment company's founder, said yesterday morning shortly after the offer for sale by tender closed.

In the two final hours before the 10am deadline, more than 5,000 people queued outside Lloyds Bank in Bishopsgate, City of London. At one stage the ribbon of application holders stretched virtually all the way round the block. Sober-suited City gents, new issue veterans and an unusually high number of younger people rubbed shoulders in good-humoured fashion as they jostled to get through the doors.

Through the offer of up to 50m shares at a minimum price of 120p, Virgin and its existing shareholders will raise £60m. Morgan Grenfell, the merchant bank advising Virgin on the flotation, expects to be able to set a striking price on the shares today – although deliberations over the desired mix of shareholders could prove to be lengthy.

At another Lloyds Bank branch, 90 staff have begun the counting and sorting of the more than 100 sacks of share application forms that have been received.

Bank staff in Bishopsgate, veterans of many a flotation, were intrigued and amused to have Mr Branson, sporting his usual pullover and a well photographed odd pair of shoes, moving among would-be investors autographing prospectuses.

However now Virgin and its advisers – Morgan Grenfell and stockbrokers Rowe & Pitman – face difficult decisions. Mr Branson told well-wishers that he was very keen that the striking price should be set low enough so as to allow all shareholders to make some money and stressed that he wanted as many shares as possible to go to small investors.

Share price computers fail again

By Alan Cane

THE London Stock Exchange's troubled computerised price information service was again suspended several times yesterday, and market makers and broker/dealers were forced to trade "blind" over the telephone intermittently through the day.

The Seaq (Stock exchange automated quotations) service was suspended for two separate periods, the first delaying the start of the mandatory quote period by 11 minutes, the second a half hour break.

At least eight major market makers had to trade on the telephone for part of the day because they were unable to put in quotes or deals to Seaq. They included: Country Securities, Merrill Lynch, Scrimgeour Vickers, Morgan Grenfell, R. A. McLean, Kleinwort Grieveson, Drexel and Morgan Guaranty.

When the information service is interrupted, market participants are obliged under new rules set early last month, to trade to the "best advantage" rather than the "best execution"

The evidence is that dealers find the loss of Seaq information for short periods of time, which has characterised the service since Big Bang, or deregulation, two weeks ago, an incovenience rather than a threat to business

Brierley raises stake in Ocean Transport

BY NIKKI TAIT

MR RON BRIERLEY, the New Zealand entrepreneur whose £306m bid for Ocean Transport & Trading closes next week, yesterday announced that he had snapped up a further 13.6 per cent stake in his target – taking his total stake to 23.6 per cent.

Meanwhile, Australian businessman, Mr John Spalvins, disclosed a 6.3 per cent stake in Blue Circle Industries – Britain's largest cement manufacturer – bought via a subsidiary of Adelaide Steamship, where he is managing director.

Adelaide Steamship is a diversified investment group, whose interests range from food and wine to timber, retailing, optical goods and property. It already holds a 13 per cent stake in one UK quoted company, Coates Brothers, which makes and distributes printing ink. It also holds 10.6 per cent of Queensland Cement & Lime in Australia.

Only 24 hours earlier, Mr Russell Goward, another Australian and former protege of Mr Brierley's, declared an increased 14.96 per cent interest in motor vehicle distributor Lookers, purchased through oil and gas group Charterhall which he now controls.

Mr Brierley's new holding was bought by IEP (UK), the subsidiary which is making the cash-only bid, at the bid price of 260p a share. Commenting on the purchases, Mr Brierley said they were "psychological" and he wanted to get the bid momentum going.

But he added that he did not expect to go back into the market immediately. "Every share we buy now, we stand the risk of being stuck with," he said.

M&G, the unit trust group, also announced that it has been adding to its stake in OT&T, purchasing another 200,000 shares at an average price of 250p. That takes its total holding to 15.2m shares of 13.28 per cent. The offer – already increased – closes on November 21, though it could be extended another two days.

Speculation that Adelaide Steamship was interested in acquiring a stake in BCI has been rife recently. The 8.175m shares are thought to have been bought through Morgan Grenfell Securities, though stockbroker T.C. Coombs has also been in the market.

BCI, which has faced trading problems in the UK said that there had been no contact with Mr Spalvins and it had no idea what his future intentions were. In August, BCI reported a £10m fall in first-half profits from a restated £52.3m to £42.8m.

BCI shares fell 9p to 641p yesterday on the London Stock Exchange, while OT&T were 4½p higher at 254½p.

OT & T Defence Document Page 31

Wellcome to set up plant for Aids drug

By Tony Jackson

WELLCOME, the UK drug company, is to spend up to £20m on new manufacturing plant in the UK and US to make azidothymidine (AZT), for the treatment of Aids.

The group said it would spend £9.5m on new capacity at Dartford, near London, and the remainder at its US plant in Greenville, North Carolina.

Wellcome denied press reports that restricted supply of the drug was due to lack of manufacturing capacity. Patients were being supplied with AZT, the group said, only if they satisfied certain criteria.

Dr Ronald Cresswell, the group's research director, said "we are dealing with a drug which is efficacious but which is not a cure, and has considerable toxicity." Stressing that the drug was still in the early stages of development, he said "it is necessary to make sure it goes to the right patients, that is the very sick."

Wellcome applies various criteria in deciding whether Aids sufferers should be supplied with the drug, the main one being that patients should have already had one bout of a condition known as pneumocystitis carinii pneumonia. In general, Wellcome said, the drug was being given to those who would otherwise have only six months to a year to live.

Wellcome estimated that there were up to 6,000 patients fitting that criteria in the US, and up to 500 in Europe.

Short Brothers under review

By Michael Donne

A REVIEW of the strategic plans of Short Brothers, the state-owned Belfast-based aircraft maker is being undertaken by the Government. The aim is to see how its overall performance can be improved.

The Government has also authorised a new external funding limit of £36m for the company in 1986-87 to tide it over. This compares with £16m for 1985-86.

Last week Short Bros announced a net loss of £35m in the year to March 31,

Gestetner sale may further jolt copier market in Europe

By Terry Dodsworth

THE SHAKE-OUT in the European photocopier market may be on the verge of taking a new step forward following the news that Gestetner, the grand old name of the UK duplicator industry, may be up for sale.

For years, European companies have been falling like ninepins in the face of the onslaught of more aggressive US and Japanese competitors. Gestetner, which suspended its shares earlier this week, has long been considered a prime candidate for takeover.

Gestetner's attraction, which once lay in its product line, is now centred on its distribution network. Abound 9,000 of its employees work in marketing against only 2,000 in manufacturing, which was severely pruned during the recession in the early 1980s. Moreover, this sales organisation is very widely flung across the world.

In the year to November, only 13 per cent of the group's turnover was in the UK. The EEC accounted for 36 per cent, the rest of Europe for 5 per cent, the Americas for 29 per cent and Africa, Asia and Australasia for 17 per cent.

Analysts argue that the current market price of Gestetner, at around £86m, would be steep for a company with sales last year of only £388m, and profits which are again under pressure this year. Some also argue that its sales organisation is poorly adapted to selling the high speed, high resolution copiers which are taking over the reprographics industry.

Yet the Gestetner move comes at a time when the cards are being rapidly reshuffled in the industry. Only three months ago, the European market received a severe jolt from the imposition of average anti-dumping import duties of 15.8 per cent on Japanese copier machines.

This step by the EEC was expected to be followed by more moves by Japanese copier companies to manufacture in Europe. Indeed, Minolta, the Japanese consumer products company, took a 75 per cent stake in Develop, a West German group, only this summer.

Ironically, Develop was one of the companies participating in the campaign to bring a dumping action against the Japanese – a process that was led by Rank Xerox, which claims to have 14 per cent of the European copier market, and supported by Océ of the Netherlands – a similar but more successful company than Gestetner – Tetras of France and Olivetti of Italy.

All of these European-based companies have been under acute pressure from the Japanese drive into the market. According to the European Commission, about a dozen Japanese producers today supply around 85 per cent of the $1bn worth of copiers sold in the EEC.

They have established a virtual stranglehold on the bottom end of the market for cheaper machines (indeed, Fuji Xerox, the Japanese affiliate of Xerox of the US, the ultimate owner of Rank Xerox, supplies the UK-based company with its low-end machines) and are now moving fast into the sector for more sophisticated products.

Gestetner itself has linked up with a Japanese company, Mita, to supply its own range of copiers, which it has added to its traditional duplicator line and a newer desktop publishing venture.

The two companies are roughly of the same size, and work closely together. Mr David Gestetner, one of the joint chairmen, said recently that he had known the Mita family since 1970.

Mita, however, was later into Europe than most of its Japanese rivals. Canon the leading Japanese copier group in the EEC already has well-established plants in France and West Germany, and is currently expanding its West Germany operation. Ricoh has a UK plant, and is now adding an additional line to it, while Sharp has various sales agreements with European companies.

The new duties have put increasing pressure on all of these companies to produce more of their products in Europe. In addition, they are facing the problem of a rapidly appreciating yen over the last two years, which has pared their profit margins appreciably.

The development of Japanese copier manufacturing in Europe may be slower than the Japanese companies themselves would like, because the complexitiy of the machines makes it more difficult for them to set up component supply networks for many other products, such as typewriters. But no one doubts that Japanese manufacturing is coming to the EEC to stay.

UK NEWS

Costs of electronics 'a threat to banks'

By Hugo Dixon

EUROPE'S banks are in danger of being landed with all the costs of operating new electronic payments systems. Intensified competition from other financial institutions and retailers, who are nibbling away at their market product by product, will put them under further pressure over the next 15 years.

These are the main conclusions of a survey of 50 European bankers conducted by Retail Banker International. Not all of Europe's banks are equally vulnerable, though, and those which have the most cost-effective payments systems today are paradoxically likely to be the most inefficient tomorrow, the survey predicts.

Germany, Holland, Switzerland, Belgium, Austria and Sweden have the most efficient payments systems today, according to the survey. The UK, France, Spain and Italy have the least efficient. However, precisely because of this inefficiency, their banks have had every incentive to invest in new technology and this will cut their costs in the longer term.

The report divides banks into similar camps when assessing their ability to pass on the costs of running the payments system to those who use it. The "German" group is going to have a difficult time doing this because it relies so much on eurocheques and guarantee cards, which it does not charge retailers for cashing. When the electronic transfer of funds is introduced in these countries, it will be based on the eurocheque guarantee and so it will be hard to charge the retailer.

Bankers and Payments, £245, from Lafferty Publications, 2 Pear Tree Court, EC1R ODS

CBI/FINANCIAL TIMES DISTRIBUTIVE TRADES SURVEY

Retail sales lower than expected

BY JANET BUSH

RETAIL SALES in Britain were lower than anticipated in October but are expected to pick up again in November, according to the Confederation of British Industry.

Introducing the latest CBI and Financial Times survey of retailers, wholesalers and motor traders, Mr John Salisse, chairman of the CBI survey panel, said retail sales last month were still higher than the relatively low levels seen in October last year but, contrary to expectations, were lower than the very healthy September level.

Sales so far in November remain buoyant. Retail sales continue to be boosted by strong growth in real incomes and the availability of credit.

Earlier this week, the Department of Trade and Industry reported a sharp rise in advances of consumer credit in September to a total of £2.91bn from August's £2.68bn.

The survey was conducted between October 17 and November 5 and covers 510 firms.

Clothing shops and retailers of household textiles and furniture reported the best sales growth in October and were the most positive about sales in November.

The balance of retailers reporting sales higher than a year ago fell from 66 per cent in September, which was the highest for over two years, to 51 per cent in October. For November, a balance of 55 per cent expects increased sales.

Orders placed by retailers did not rise as fast in October as had been expected in September. A balance of 34 per cent placed more orders than a year ago and a similar balance expects increased orders in November.

The balance of retailers reporting stocks which were too high in relation to expected sales rose to 20 per cent, reversing the steady decline evident since April and reflecting the slower than expected sales growth in October.

In contrast to the retail sector, wholesalers' sales volumes rose in October faster than had been expected in September and further growth is expected in November. The balance of respondents to the survey reporting sales higher than a year ago rose to 48 per cent, the highest since February and a balance of 56 per cent saw sales increasing in November.

For both October and November, the durable household goods and other goods sectors were the most positive about sales growth while wholesalers of industrial materials and farm machinery once again reported lower sales volumes than a year ago. Orders placed by wholesalers in October were also above expectations.

Taking all sectors together, the balance of respondents reporting higher sales in October compared with a year ago fell to 43 per cent from the relatively high 49 per cent reported in September.

Government ends grants scheme for oil-to-coal conversions

BY MAURICE SAMUELSON

GOVERNMENT GRANTS for converting British factories from oil to coal are to be scrapped next year despite claims that they are vital if British Coal is to continue expanding its industrial market.

Mr Peter Walker, Energy Secretary, told MPs yesterday that the scheme, to which the Government has committed some £75m over the past four years, would end next June.

He broke the news to the House of Commons select committee for energy which had been told by British Coal last week that the scheme was "more vital than ever" to ensure further conversions of oil-fired boilers to solid fuel.

In the past four years, the Government has allocated £75m to cover grants of up to 25 per cent of converting heating equipment across a wide range of industry, commerce and agriculture.

According to British Coal, the availability of these grants has encouraged cash-starved energy users to invest some £300m in new boiler plant, boosting coal orders by some 3m tonnes a year.

However, Mr Walker, who has previously extended the deadline of the scheme, told the committee yesterday that it would be terminated in June. Officials later added that there was no question of any unspent grant money being available after that date.

The switch to coal has been at a standstill for more than a year because of the collapse of the oil price. Despite the recent hardening of oil prices, heavy fuel oil, which coal seeks to displace, is still 40 per cent cheaper than a year ago.

The grants were originally launched against the background of the second world oil price shock and were regarded as part of the strategic decision of the European Economic Community to reduce dependence on imported oil.

However, Mr Walker insisted yesterday that the prime justification for the grants in Britain had been to help to use up some of the large stocks of surplus coal. As stocks had now been run down, this justification had ended. Another reason for scrapping the grants may be that it is seen as unfair to help coal at the expense of oil at a time when the number of jobs at risk in the UK oil supplies industry is rivalling that in the coalfields.

Paradoxically, though, the scheme's end has been announced at the height of British Coal's efforts to revive the movement back to coal. Mr David Hunt, coal minister, will to-day switch on a £1.2m plant at GEC Coventry, which will burn some 10,000 tonnes of coal a year.

It is one of nine major schemes which British Coal says will be opened by the end of 1987. They represent an investment of £85m, and will in total burn almost 1m tonnes of coal a year.

EEC plan for TV quotas criticised

By Raymond Snoddy

EUROPEAN Commission plans for a minimum quota of EEC-made programmes on all Community television channels could significantly affect the prospects of Britain's direct broadcasting by satellite (DBS) project, a House of Lords committee was told yesterday.

Lord Thomson, chairman of the Independent Broadcasting Authority, told the House of Lords Select Committee on the European Communities that such quotas would be "a very real problem" for a project that could cost between £300m-£400m.

The draft directive which grew out of the Community green paper (discussion document) Television Without Frontiers is designed to create a common market in broadcasting.

One of its provisions is for a minimum quota of 30 per cent EEC-made programmes rising to 60 per cent. The Community's public service broadcasters would have no difficulty meeting such quotas as their own programmes would be included but new projects could be effected.

Lord Thomson said that most of the five consortia applying for the three-channel British DBS franchise were planning a film channel in some form.

An effective film channel would be very difficult with such quotas in place. It would mean "early Ealing comedies and some abstract German – with sub-titles" the IBA chairman said. Given the British decision to go ahead with DBS, the IBA was determined to do it well.

Apart from the possible effects on the future of DBS, Lord Thomson, a former EEC Commissioner, said he was opposed to the principle of the EEC trying to harmonise broadcasting standards which involved issues of regional and national identity.

Once the principle was accepted that these matters should be administered by the Commission, "it would I think be an unnecessary added piece of bureaucracy."

Lord Thomson argued that the Council of Europe, which brought together all the nations of Europe, could provide a more appropriate framework than the EEC for conventions on trans-border television.

● The BBC is tightening up its approach to guidelines on violence following the work of a committee set up by Mr Alasdair Milne, the director-general.

Shorter, clearer guidelines have been produced and a video has been made for internal use giving examples of decision-making in the main areas of concern – news, drama and purchased programmes.

Lloyds Bank builds business role

BY RICHARD EVANS

LLOYDS Bank is building up its service to the middle range corporate market in the UK by expanding its special units in key areas around the UK.

The bank's commercial service, launched in February this year, is now operating from six offices, the first of about 60 that are planned to function by early 1988.

The intention is to set up specially trained teams to give immediate help to middle range corporate clients on a wide range of financing issues. The teams will operate closely with local branch managers, but will be able to give more specialist advice.

Nuclear industry pioneer dies

DR Norman Franklin, who has died aged 62, made a major contribution to the development of the UK nuclear industry.

His career, which mirrors the industry's steady growth and expansion, was crowned by his nine years with the Nuclear Power Company.

He was its first chairman and managing director, responsible for designing and assembling nuclear reactors. When it became the National Nuclear Corporation in 1980, he continued as managing director, retiring in 1984 to become professor of nuclear engineering at Imperial College, London.

FT LAW REPORTS

Arbitration abandoned by silence and inactivity

THE GOLDEN BEAR

Queen's Bench Division (Commercial Court): Mr Justice Staughton: November 5 1986

AN ARBITRATION may be abandoned by silence and inactivity if careful scrutiny of the evidence shows that the claimant's conduct entitled the respondent to assume and he did assume (*perhaps mistakenly*) that there was an offer to abandon, or the delay was such that he would reasonably have ceased to think about the arbitration at all.

Mr Justice Staughton so held when giving judgment for the plaintiff charterers, Excomm Ltd, on their claim for a declaration that a cargo arbitration commenced against them in 1975 by ship owners, Guan Guan Shipping (Pte) Ltd, was abandoned.

* * *

HIS LORDSHIP said that in December 1974 Golden Bear was chartered to carry a cargo of rice from Bangkok to Basrah. Discharge was completed on April 12 1975.

Two classes of dispute arose. One concerned shortage and damage to cargo. The other concerned demurrage.

For a long time the two disputes proceeded along parallel lines. It was not until 1983 that any single person in the shipowners' organisation had knowledge of both disputes.

The cargo dispute was covered by the owners' liability insurance with a protection and indemnity (P and I) club. It was dealt with by the owners' claims department and by the club's managers. The demurrage dispute was the responsibility of the owners' chartering and liners department.

There came about two arbitrations between shipowners and charterers, the cargo arbitration and the demurrage arbitration.

In the cargo arbitration arbitrators were appointed in December 1975. The next occasion when the charterers or their agents heard of the claim was in October 1983, nearly eight years later.

On February 27 1985 the charterers commenced the present action seeking a declaration that the arbitration had been abandoned or rescinded and was at an end.

The demurrage arbitration was between the same parties and the same arbitrators were appointed. They appointed an umpire, and he awarded that the owners' claim succeeded.

All concerned closed their files on the demurrage claim. The P & I club's managers, who were handling the cargo claim for the owners, knew nothing of the demurrage dispute and did not close their cargo claim file. It was still active, but the charterers did not know that until October 1983.

No one at the charterers was said to have taken a decision consciously to treat the cargo claim as abandoned.

As to the practice of those concerned in arbitrations, the evidence was that the majority of arbitrations started were never followed up.

It was now nearly six years since Lord Diplock said in *Bremer Vulkan [1981] AC 909, 986*: "Both parties . . . are under a mutual obligation to join in applying to the arbitrator . . . to put an end to the delay."

Before and since the law as thus stated had been generally if not universally disregarded, for what might be thought to be sound commercial reasons.

Nevertheless, Lord Diplock's principle was the law. It had been reaffirmed since in *Hannah Blumenthal [1983] AC 854*.

The issue in the present case was, *inter alia*, whether the cargo arbitration had been abandoned or rescinded by agreement between the parties.

The Court of Appeal decision in *The Leonidas D [1985] 1 WLR 925* was binding. It decided that the test for agreement to abandon was to be found in Lord Brightman's speech in *Hannah Blumenthal*, and that silence and inactivity were not, in the case before it, sufficient to amount to offer and acceptance.

What gave rise to difficulty was whether, since that decision, silence and inactivity could ever amount to offer or acceptance, even if lasting for 20 or 30 years.

In *Leonidas D* Lord Justice Robert Goff observed at page 937 that in the ordinary way silence and inaction would be no basis for the inference of an offer to make a contract, or of an acceptance. He considered the facts of *Leonidas D*—which was a case of five years' delay and nothing else—and concluded that neither offer nor acceptance would be inferred.

The court in the present case did not read that as deciding that as a matter of law silence and inactivity could never amount to offer and acceptance, but rather as a warning that one must consider the facts very carefully before drawing the inference that they did.

A contract to abandon an arbitration could be made in that manner, although the evidence required careful scrutiny.

The first question *Leonidas D* required the court to answer was, did the owners appear to be offering to agree that the reference should be abandoned?

Evidence that the owners did not in fact have any intention of abandoning was accepted. But what had to be considered was whether their conduct entitled the charterers to assume they were offering to abandon.

There had been total silence, so far as the charterers were aware, for nearly eight years. That, on any view, was a very long time.

But it was also part of the background that a great many arbitrations in this field — the majority according to the evidence — were started but not continued; and that express abandonment was the exception rather than the rule.

Furthermore, for part of the eight years the same parties were actively engaged in arbitrating another dispute arising out of the same contract before the same arbitrators, until eventually an award was made and satisfied.

That must be something to be taken into account, though no single person in the owners' organisation or acting on their behalf knew the full facts, and those acting on behalf of the charterers who knew the full facts might not have had them actively in mind.

The conclusion was that the owners' conduct entitled the charterers to assume they were offering to abandon.

The same conclusion would have been reached apart from the facts about the demurrage arbitration. The decision was based on silence and inactivity alone.

Of course, there must always be a possibility that the inference drawn would later prove mistaken. The law did not require absolute clarity. It was sufficient that the fair inference to be drawn was that the claimant was offering to abandon.

The second question was, did the charterers in fact assume the owners were offering to abandon?

It could scarcely be said that the charterers did in fact assume that the owners were offering to abandon; the charterers or their agents had forgotten all about the case and did not assume anything.

There was no reason why it should, in practice, make any difference whether the respondent in fact assumed the claimant was offering to abandon, or would have made that assumption if he had thought about the case at all.

The older a case was, the less likely it was that the respondent would give it consideration from time to time. When it was so old that he had ceased to consider it at all, *a fortiori*, the doctrine of abandonment, should apply.

Lord Brightman and Lord Justice Robert Goff were concerned to exclude the case where, although the claimant appeared to be offering to abandon, the respondent knew or believed that in fact he was not. They did not intend to exclude the case where the respondent reasonably did not think about the claim at all but if he had done so would have assumed the claimant was offering to abandon.

That was the present case. The second question should be answered in favour of the charterers.

Third, it must be shown that the charterers, by their conduct, accepted the owners' offer. Given that silence and inactivity could constitute acceptance, it was found that they did.

It followed that the reference, the arbitration agreement and the cargo claim were abandoned, by agreement between the parties.

For the charterers: David Grace QC (Middleton Potts & Co).

For the shipowners: Richard Aikens QC (Ince & Co).

By Rachel Davies
Barrister

THESE REPORTS are published in volume form with the full texts of judgments. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London WC2B 6BD. Phone 01-831 0391.

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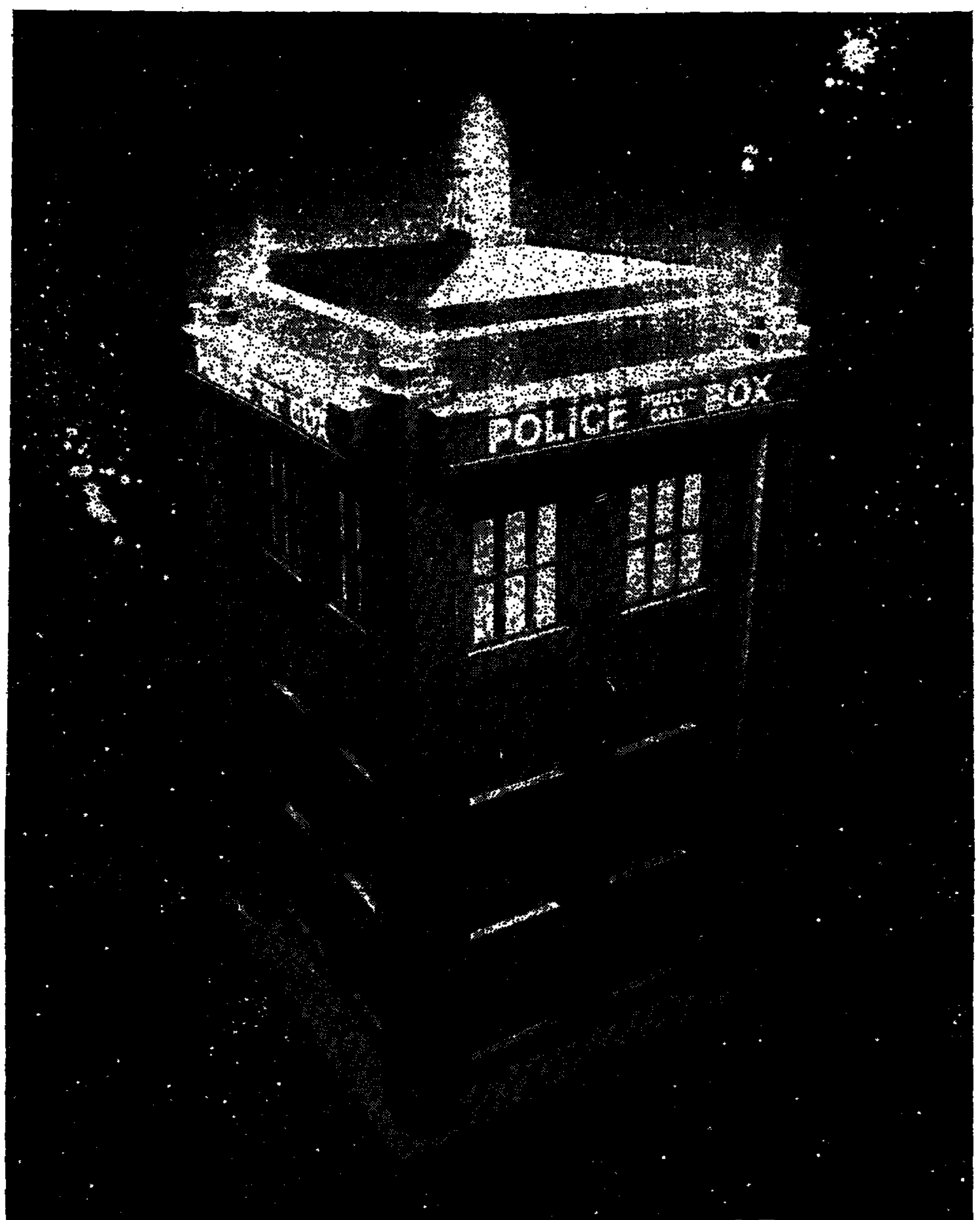

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THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
14	15	16	17	18	19	20

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The new production of Jenufa – conducted by Bernard Haitink, produced by Yury Lyubimov (London opera debut) – is one of the most keenly awaited events on the 1986 operatic calendar. Ashley Putnam, another London debutante, takes the title role, and the cast also includes Eva Randova, Philip Langridge and Neil Rosenschein. Last performances of the Traviata revival with Ileana Cotrubas taking over from the indisposed Lucia Aliberti. (240 1066)

English National Opera, Coliseum: The new production of Cavalleria Rusticana and I Pagliacci (the two done as one) has many incongruities, and one or two serious weaknesses of casting, but is all the same a bright, effective show. Jane Eaglen steals the honours as Santuzza, and Nicholas Folwell is an impressive Tonio. Further performances of the interestingly sober Eno Rape of Lucretia, with Jean Rigby, Russell Smythe, Anthony Rolfe Johnson, and Kathryn Harries; and of the Jonathan Miller production of The Mikado, stripped of all Japanese associations. (836 3161)

Sadler's Wells, Rosebery Avenue: London Contemporary Dance Theatre opens its annual season with a triple bill on Tuesday. (278 8916).

PARIS

Offenbach's La Belle Hélène with the title role sung by Eva Saurova/Valérie Marestin and that of Paris sung by Pierre Catala/Roger Pujol. Théâtre de Paris (4874 1075).

Wozzek conducted by Lothar Zagrosek in the production by Ruth Berghaus. Paris Opéra. (42665022)

ITALY

Trieste: Teatro Comunale Giuseppe Verdi: Verdi's Rigoletto conducted by Hubert Soudant and directed by Lamberto Puggelli (San Carlo di Napoli production). Cast includes Susie Jo, Gloria Scalchi, John Rawnsley and Antonio Sevastano. (Fri). Also Bellini's Norma, conducted by Romano Gandolfi with Katia Ricciarelli, Elena Zilio, Carlo Cossutta and Roberto Scandiuzzi. (Tue) (631948).

Turin, Teatro Regio: Wagner's L'Oro del Reno conducted by Zoltan Pasko and directed by Gianfranco de Bosio, sung in the original language with one Italian soprano (Stella Diaz) and an otherwise entirely German cast (Fri, Sun, Tue).

WEST GERMANY

Berlin, Deutsche Oper: Eugen Onegin is revived with Daphne Evangelatos, Pilar Lorengar and Lenus Carlson. Elektra brings Helga Dernesch, Janis Martin, Marita Napier and Hans Beirer together. Aida has fine interpretations by Ilona Tokody, Cristine Anghelakova and Giorgio Lamberti. Also in the repertory: Katya Kabanowa and Zar und Zimmermann.

Hamburg, Staatsoper: Adolf Dresen's controversial production Die verkaufte Braut with Linda Plech and Kurt Schreibmayer. Manon Lescaut with Mara Zampieri, Rachel Joselson and Lando Bartolini. Hänsel und Gretal rounds off the week.

Frankfurt Opera: Aida has Helena Doese making her debut in the title role. Die Entführung aus dem Serail features Faye Robinson, Susan Roberts, Hans Peter Blochwitz and Gerolf Scheder. There was much applause for the new Siegfried production by Ruth Berghaus at its premier. The cast is led by Catarina Ligendza, Cornelia Berger and William Cochran. Also La Bohème, sung in Italian.

Cologne, Opera: Schönberg's rarely played Moses und Aaron will be offered with Siegfried Haertel and Günter Neumann in the main parts. This week's highlight is Tristan und Isolde with Spas Wenkoff and Gabriele Schnaut. Leonie Resick leads a strong cast in Die heimliche Ehe.

Stuttgart, württembergisches Staatstheater: Cheryl Studer is a splendid Donna Anna in Don Giovanni, Der Rosenkavalier stars Karan Armstrong and Waltraut Meier. Also Madame Butterfly.

Munich, Bayerische Staatsoper: Tosca convinces thanks to Hildegard Behrens outstanding in the title role. Tannhäuser with Cheryl Studer, Ute Vinzing, Kurt Moll and Rene Kollo. Also Heinz Fricke conducting Der Fliegende Holländer in Herbert Wernicke's production with Lisbeth Balslev, Kurt Moll and Robert Hale. Palestrina with Angela Maria Blasi and Peter Schreier and Adriana Lecouvreur with Natalia Troitskay, Hanna Schwarz and Giacomo Aragall.

Frankfurt, Alte Oper: A Kenneth Riegel lieder recital accompanied by John Dawson. Zemlinsky, Schreker, Pinkham, Krenek, Copland and Burton (Fri). Festival Strings Luzern and violonist Viktoria Mullova, conducted by Rudolf Baumgartner. Händel, Shostakovitch and Vivaldi (Sat).

NETHERLANDS

Amsterdam, Muziektheater. The National Ballet with Giselle choreographed by Petipa and revised by Peter Wright (Wed, 2 perfs). Premiere of the Netherlands Opera production of Der Kreidekreis by Alexander von Zemlinsky, directed by Herbert Wernicke. The Hague Philharmonic conducted by Stefan Soltesz, with Stella Kleindienst, Hebe Dijkstra, Maarten Flipse and René Claessen (Thur). (255455).

Amsterdam, Carré. The Antonio Gades ballet company with its flamenco version of Carmen (Tue to Thur). (225225).

Scheveningen, Circus Theatre. Modern American dance from Jennifer Muller & The Works (Tue, Wed). (558800).

The American Bucket Dance Theatre company on tour. Mon in Amsterdam, Carré (225225), Tue in Apeldoorn, Orpheus (211899), Wed in Den Bosch, Casino (125125), Thur in Groningen, Schouwbourg (125645).

NEW YORK

Metropolitan Opera (Opera House): The week features the first seasonal performance of I Puritani conducted by Richard Bonynge in Sandro Sequi's production with Joan Sutherland, Salvatore Fisichella, Sherrill Milnes and Samuel Ramey. It joins the repertoire of Romeo et Juliette conducted by Placido Domingo with Cecilia Gasdia; Der Rosenkavalier conducted by Jeffrey Tate in Nathaniel Merrill's production with Anna Tomowa-Sintow, Brigitte Fassbaender, Taro Ichihara and Gottfried Hornik; and Tosca conducted by Garcia Navarro in Franco Zeffirelli's production with Eva Marton, Placido Domingo and Italo Tajo. Lincoln Center (362 6000)

New York City Ballet (New York State Theater): The first fortnight of the company's 85th season consists of 15 repertory programmes including Ballanchine classics like Concerto Barocco and Tziganem, to be followed by five weeks of The Nutcracker. Lincoln Center (870 5570)

Placido Domingo, who sings at the Washington Opera House

WASHINGTON

Washington Opera (Opera House): World premiere of Goya by Gian Carlo Menotti is performed by Placido Domingo, for whom it was written. Using historical fact and romantic fantasy, it recounts the affair between the painter and the Duchess of Alba, the model for the Maja portraits, played by Victoria Vergara, with Karen Huffistodt as her rival, Queen Maria Luisa. Rafael Frühbeck de Burgos conducts. The season also includes four performances of Il Matrimonio Segreto staged by Michael Hampe and the Cologne Opera with Carlos Feller as Geronimo and Janice Hall as Elisabetta. Arnold Oestman conducts. Kennedy Center (254 3770)

CHICAGO

Lyric Opera: Un Ballo in Maschera joins the repertoire conducted by Giuseppe Petane in Sonja Frisell's production with Maria Chiara and Luciano Pavarotti. Handel's Orlando in John Copley's production is conducted by Charles Mackerras with June Anderson, Marilyn Horn and Jeffrey Gall. Edita Gruberova takes the title role and Neil Shicoff sings Edgardo in director Peter Reichenbach's production of Lucia di Lammermoor conducted by Charles Mackerras. (332 2244)

Music

LONDON

Royal Choral Society and London Philharmonic Orchestra conducted by Laszlo Heltay with Gillah Yaron, soprano. Bruckner and Mendelssohn (Mon). Royal Festival Hall (928 3191).

Philharmonia Orchestra conducted by Mariss Yansons with Robert Cohen, cello. Prokofiev, Rachmaninov and Tchaikovsky. Royal Festival Hall (Tue).

London Concert Choir and London Bach Orchestra conducted by Donald Cashmore with soloists. Mozart. Queen Elizabeth Hall (Tue). (928 3191).

John Lill, piano. Beethoven sonatas. Barbican Hall (Tue). (638 8891).

Royal Philharmonic Orchestra conducted by Antal Dorati with Yehudi Menuhin and Leland Chen, violin. Händel/Beecham, Haydn, Chausson, Bach and Delius. Royal Festival Hall (Wed).

BBC Symphony Orchestra conducted by Gunter Wand. Beethoven and Bruckner. Royal Festival Hall (Thur).

Academy of St Martin-in-the-Fields directed by Iona Brown, violin with George Malcolm, harpsichord. Bach. Queen Elizabeth Hall (Thur).

London Symphony Orchestra conducted by Michael Tilson-Thomas with Pro Musica Chorus and soloists. Stravinsky and Beethoven. Barbican Hall (Thur).

PARIS

Peter Dvorsky, tenor, Ludovit Marcinger, piano: Smetana, Dvorak, Schneider, Trnavsky (Mon). Théâtre de L'Athenée (47426727)

Tatiana Nikolaeva, piano: Bach, Mozart (Mon). Salle Gaveau (45632030)

Colonne Choir and orchestra conducted by Michel Corboz: Brahms Ein Deutsches Requiem (Mon). La Trinite Church (42771889)

Ensemble Intercontemporain conducted by Peter Eotvos: Peter Eotvos, Paul-Heinz Dittrich, Gyorgy Kurtag (Mon). Théâtre du Rond Point (42560880).

Orchestre du XVIIIe Siecle conducted by Frans Brueggen: Haydn, Mozart, Schubert (Mon). Salle Pleyel (45610630).

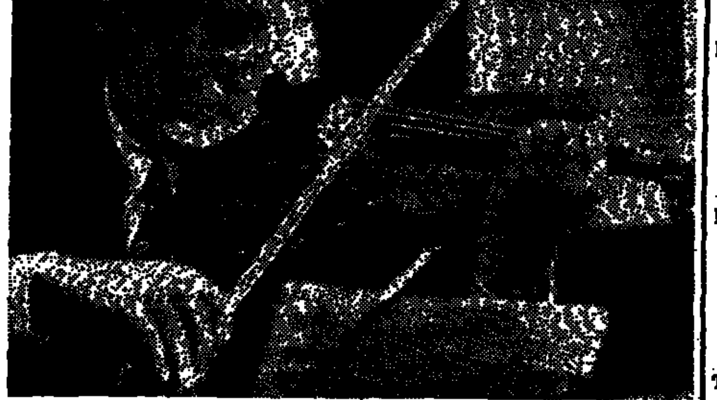
Idil Biret, piano: Beethoven, Liszt (Tue) Salle Gaveau (45632030).

Orchestre de Paris conducted by Gunther Herbig, Jean-Pierre Rampal, flute: Mozart, Wagner, Beethoven (Wed, Thur). Salle Pleyel (45610630).

ITALY

Milan: Teatro Alla Scala: Riccardo Muti conducting Beethoven's 4th symphony, Varese's Arcana and Respighi's Pini di Roma (Fri, Sat). On Monday, a recital by the bass, Paata Burchuladze, accompanied by Ludmila Ivanova (80.91.26).

Rome: Auditorium in Via Della Conciliazione: Luciano Berio conducting the contralto Mira Zakai and the violinist Aldo Bennic in Milhaud's La Morte d'un Tyran and Chants Populaires Hebraiques, and music by Brahms, Herio and Mahler (Sun, Mon, Tues). Also Melos Quartet of Stuttgart playing Beethoven's A minor Quartet and Schubert's Quartet in G major (Fri) (6541044).



Yehudi Menuhin, who plays at the Royal Festival Hall, London

BRUSSELS

Palais des Beaux Arts (512 5045): Moscow State Symphony Orchestra conducted by Gennadi Hozdestvensky with Viktoria Postnikova, piano – Tchaikovsky (Mon); Juilliard String Quartet – Mozart, Bartok, Beethoven (Tue).

Musee instrumental (511 3595): Jean Ferrard – Virginal, music from the 16/17 centuries (Wed).

NETHERLANDS

Amsterdam, Concertgebouw. The Netherlands Philharmonic conducted by Ken-Ichiro Kobayashi, with Susan Kessler, contralto: Weber, Mahler, Ravel, Stravinsky (Tue). David Zinman conducting the Concertgebouw Orchestra, with Krystian Zimmerman, piano: Mendelssohn, Brahms (Wed, Thur). Recital Hall: John Shirley-Quirk, baritone, accompanied by Martin Isepp: Purcell, Vaughan Williams, Pfitzner, Liszt, Ravel (Tue). The Juilliard String Quartet: Bach (Wed, Thur). (718345).

Utrecht, Vredenburg. Recital Hall: Touring Music Ensemble led by Christian Bor: Martinu, Dohnanyi, Mozart (Mon). The Orlando Quartet, with Marja Bon, piano: Mozart, Mahler, Schubert (Tue). Theo Bruins and Fred Oldenburg, pianos: Stravinsky (Thur). (314544).

The Hague, Diligentia, Chamber ensemble of the Hague Philharmonic: Triebensee, Haydn, Gouvy, Ponse, Janacek (Wed). (651851).

Scheveningen, Circus Theatre, Paco Pena in concert (Thur). (558800).

Groningen, Oosterpoort, Schönberg Ensemble: Copland, Rudhyar, Adams (Tue). (131044).

Eindhoven, Globe Theatre, Touring Music Ensemble led by Christian Bor: Martinu, Dohnanyi, Mozart (Tue). (111122)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Martha Argerich piano, Paul Neubauer violin, Leonard Davis viola. Bach, Beethoven, Hindemith (Thur). Lincoln Center (874 2424)

The New Bel Canto (Federal Hall): David Garland, described as a combination of experimental rock and contemporary concert work performs as part of the lunchtime concert series for the Wall Street area. (Mon, 12.15) (Wall & Nassau Sts, 269 0320)

WASHINGTON

National Symphony (Concert Hall): John Mauceri conducting. R. Strauss, Mahler, Stravinsky, Scriabin (Thur). Kennedy Center (254 3776)

CHICAGO

Chicago Symphony (Orchestral Hall): Sir Charles Mackerras conducting, Michele Campanella piano, Men of the Chicago Symphony Chorus. Dvorak, Busoni (Thur). (435 8111)

TOKYO

Tokyo Metropolitan Symphony Orchestra, conducted by André Watts with Kazuhiro Koizumi, piano. Stravinsky, Liszt, Respighi. Tokyo Bunka Kaikan. (Mon) (822 0727).

Smetana String Quartet. Janacek, Dvořák, Mendelssohn, Shinjuku Bunka Centre (Wed). (235 1661)

Micrologus Ensemble for Medieval and Renaissance Music. All French programme. Aoyama Theatre (Thurs) (237 9999)

NHK Symphony Orchestra conducted by Vaclav Neumann. Martinu, Tchaikowsky. NHK Hall (Wed, Thur) (465 1780).

Suntory Hall, Akasaka, Isaac Stern, Jaime Laredo, violin; Yo-Yo Ma, cello. Haydn, Vivaldi, Mozart. Orchestra, Toho Gakuen, conducted by Kazuyoshi Akiyama (Mon); Czechoslovak Broadcasting Symphony Orchestra (Tue); Debut Concert Series: Kent Nagano conducting the New Japan Philharmonic Orchestra with Naoko Ihara, alto and Ernst Haefliger, tenor. John Adams, Mahler. (Wed) (505 1010).

Theatre

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

Lend Me a Tenor (Globe): Ian Talbot leads the new cast in Ken Ludwig's fizzing comedy about backstage tribulations in Cleveland, Ohio, during a doomed 1932 tour of Verdi's Otello. A blight at the opera. (437 1592, CC 379 6433).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Kafka's Dick (Royal Court): Alan Bennett resurrects Kafka as a fortune in the living room of a contemporary dogsbody researcher, an insurance clerk like his hero. Brave, strange and funny play about biography hinging, in part, on the enlarged matter of a small member. (730 1745/1857).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

When We Are Married (Whitehall): Impeccable, joyous revival of an English comic war-horse now with a new cast, but Bill Fraser returning as the tipsy Falstaffian photographer. (930 7765, 839 4455, CC 379 6565/6433).

NETHERLANDS

Arnhem, Schouwburg. The Bristol Old Vic in Vaclav Havel's Largo Desolato directed by Claude Watham (Mon) (422741).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the 30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

The Marriage of Betty & Boo (Arena): Christopher Durang's latest swipe at domestic life and marriage has an autobiographical air as it dissects three generations of a contemporary American family. James C. Nicola directs a cast headed by Casey Biggs, Donna Snow and Thomas Anthony Quinn. Ends Nov 23.

TOKYO

Takarazuka All-Girls' Revue. This phenomenon, the antithesis of Kabuki where all the roles are played by girls but with typical Japanese innocence and earnestness and totally un-camp, is a must for visitors. Takarazuka perform elaborately staged and skilled musical adaptations of both Japanese and Western plays – also revues and standard musicals. Highly improbable plots are more than compensated for by spectacular stagings and huge casts. Takarazuka provide another insight into the incongruous mosaic of Japanese culture. Detailed English summaries in the programme – in case the original story is altered beyond recognition. Takarazuka Theatre, near Ginza and main hotels. Afternoon and evening performances. (591 1711).

Dreamgirls: Michael Bennett's Broadway Tony and Grammy Award winning musical. The story of a 1960s female pop group, this is an original production brought to Tokyo by Isetan Department Store and Asahi Television as part of Isetan's centennial celebrations. Kosei Nenkin Hall, Shinjuku. (350 2200).

Continued on Page 21

THE ARTS

Cinema/Nigel Andrews

A major achievement in a minor key

Smooth Talk, directed by Joyce Chopra
True Stories, directed by David Byrne
Big Trouble in little China, directed by John Carpenter
Extremities, directed by Robert M. Young
Saving Grace, directed by Robert M. Young

Seeing Goldcrest's plain but enthralling *Smooth Talk*, you *suddenly realise* what has been wrong with much of this ill-starred production company's *output. Though* handsome an image, ambitious in scope and ennobling in moral intention, their movies *have hardly* ever been about recognisable human beings; they have been about God-inspired Olympic runners (*Chariots Of Fire*), Indian super-mystics (*Gandhi*), barnstorming actor-managers (*The Dresser*), time - warped teen archetypes (*Absolute Beginners*) or tragic Everymen tossed about by war or ideological struggle (*The Killing Fields, Revolution, The Mission*).

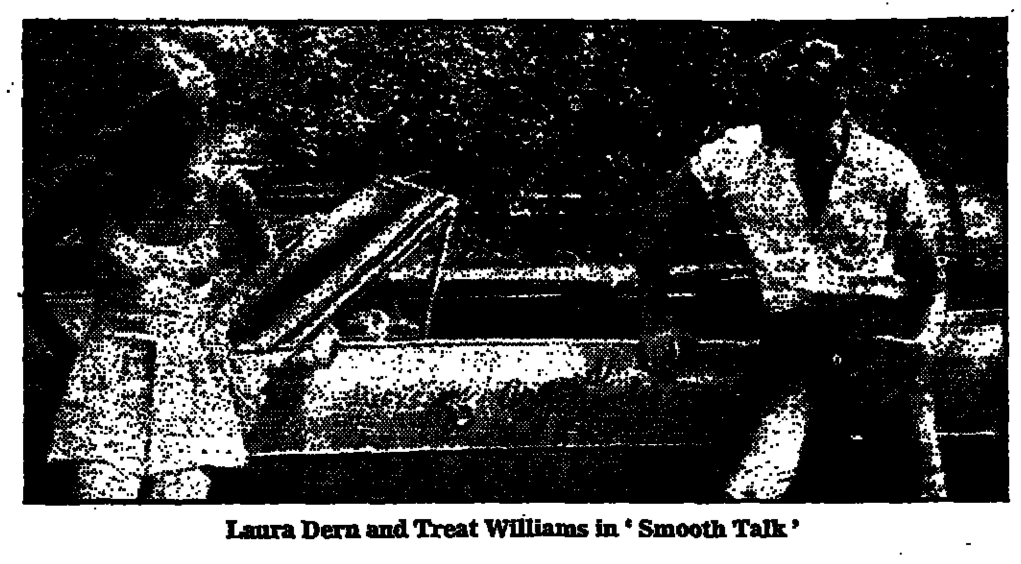
Even in Goldcrest's low-budget ventures like *The Ploughman's Lunch* or *Evenners*, the Important Theme (integrity or journalism, horrors of dole-age Britain) has been an all-shaping mould out of which the main characters have been delivered, ready-contoured by the film's thesis.

In Joyce Chopra's *Smooth Talk*, a rogue Goldcrest venture into low-budget Americana, no charaters fit a mould. And if there is a thesis, *you* the audience have to find it. Connie (Laura Dern) is a gawky blonde of 15 whose summer hols are spent charging about the shopping malls with her two girl friends, chatting up or eyeing up the young male populace; and pairing off for the odd innocent necking bout in back seat of car or cinema.

Her mother (Mary Kay Place), a once pretty redhead with an air of sat-upon fatigue, patiently hears Connie's late-night alibis and patiently disbelieves them. Her father (Levon Helm) opts out of the matter whenever possible — preferably by playing golf — and her sister (Elizabeth Berridge) stays just outside the firing-line between mother and daughter, keeping open her options for loyalty.

But it is Connie who increasingly claims our fascination. Is she a romantic, yearning for sexual fulfilment but afraid of it? Or is she a precocious tease who deserves her comeuppance? One hot day she looks like getting it. A stranger (Treat Williams) who has been eyeing her in town, drives up in his Gold Pontiac to Connie's front door — the rest of the family are out at a barbecue — and begins what looks like a long and sinister overture to seduction or rape.

Based on a short story by Joyce Carol Oates, the film preserves a spare obliquity of narrative even as it fleshes out the setting and supporting characters. Few straight answers are provided to the audience's buzz of questions. Yet for all its enigmas and its chameleon characters, the movie has the unmistakable vibrancy of real life. We never doubt the reality of Dern's lanky, restless, aspiring sexbomb; and we never doubt the truthfulness of Mum's long-suffering scepticism. (She sees in Connie a replay of her own adolescence.)



Laura Dern and Treat Williams in 'Smooth Talk'

Even when the film culminates in what might have been an exasperating ambiguity —Dern goes off for an hour or two in Williams's car and we are never told what happens— the mystery becomes a game we are asked to play and are willing to play. We can choose our own solution from the richness of information and implication provided. It is even possible that the stranger's visit is entirely a fantasy of Connie's: a loss - of - innocence fantasy, Eden-style, hinted at by the interloper's oddly snake-like movements and the profusion of apple trees in the scene's background. At once detailed and ambiguous, protean and precise, *Smooth Talk* is a major achievement in a deceptively *minor key*.

★

"Nowadays, not everyone's having kids, what with the end of the world coming up 'n' all." *David Byrne's True Stories* homes in on the mad, mad, mad world of Virgil, Texas: a mythical Southern town where the actor-director (and lead singer of the rock group Talking Heads) weaves several different stories about "ordinary people" while walking through them himself as narrator.

The stories, though presented as fiction, are culled from tabloid newspaper items, and "ordinary" means—as it usually does in movies—extraordinary. We have a woman who *spends her life in bed* watching TV, a gung-ho evangelist, a fat lonelyheart with a talent for bursting into song, a *happily married couple* who never talk to each other and so on.

The result seesaws uneasily between Thornton Wilder's *Our Town* and Russ Meyer's bloated film parody of the same, *Beneath The Valley of the Ultra-Vixens*. There, if you recall, strange passions and secrets simmered among the chintz parlours and picket fences of middle America. In *True Stories* there are injections of offbeat humour from narrator Byrne and songs written by him. And there are quirky little *trompe l'oeil* gimmicks: Byrne introduces his tale by walking through a movie screen "into" the projected image of Virgil's main street. But the film has the *terrible air of going nowhere* and secretly knowing it. Its smile of off-the-wall wit finally gets to look like the panic grin of a storyteller who has forgotten quite why he started to tell the story in the first place.

★

Big Trouble In Little China, a fantasy thriller set in LA's Chinatown, is directed by John Carpenter (of *Halloween* and *Starman*) and photographed by adventure maestro Dean Cundey (of *Romancing The Stone* and *Back To The Future*). With such credentials, what could go wrong? Not to detain you: almost everything. As truck-driver Kurt Russell tumbles ahead first into a plot involving *damsels in distress*, underground passages, weird monsters and secret Chinese armies, you seem to be watching "Indiana Jones And The Temple Of Hooey." Carpenter directs it with all his old skills. But he is at the mercy of a script which believes that piling one extravagance on top of another *is a form of coherent narrative*. It is not.

★

Dear Farrah Fawcett,

Lovely to see you again in a movie. Was afraid you had *entered those difficult years* when an actress is "too old to play Juliet." But you are still looking a treat. In *Extremities*, directed by Robert M. Young, you are attacked by a would-be rapist (James Russo) and give as good as you get. It should, I am sure, be a healthy lesson to all male predators to see themselves blinded with insecticide, socked with a shovel, kicked in the groin, trussed up and kept prisoner in the fireplace.

Still, as I say, lovely to see you again. *And keep looking* for these "challenging" roles.
Yours, An Admirer.

Country Dancing/Stratford

Michael Coveney

As the folk music world dithers acrimoniously over the future of Cecil Sharp House, the RSC in The Other Place at Stratford-upon-Avon unveils a new play by Nigel Williams which turns an implicitly critical spotlight on the great country song collector. Here are no Percy Grainger-style grisly revelations, but Cecil whose aim it seems is "to bottle England" is given the alter ego of an anti-worker factory owner. This role is donated to him in flashback by an old violinist he encounters in Somerset playing the "Indian Queen."

Sharp is played by Richard Easton as a pedantic, pipe-smoking, tweedy eavesdropper, notebook at the ready. The tune he hears knocked out by the old violinist, Ted Rogers, he knows from researches in the British Museum. As they relive the song, Ted brings his community to life: himself as a young man; farm worker Sam Mowbray and his sister Annie; and the serving girl who causes a rift between Sam and young Ted, hearty lads of the soil.

The broader dimension suggested by Cecil's function as a capitalist baddie allows the author, through various sly and manipulative tricks of presentation, to endow Gerard Murphy's energetic Sam with a role of *Captain Swing surrogate* who rouses the rabble before being shipped to Tasmania as a convicted, but in truth *innocent*, petty thief.

As Ted says at the end, "a song's not just a song—it's who's singing it and where and why—and who's listening." Thus Mr Williams, in order to reveal the true weight of songs that went into Cecil Sharp's notebook, has invented, however clumsily, a context for such items as the Waterloo recruitment song "The labouring Man" and, to dramatise Sam's exit to Van Dieman's Land, the beautiful folk melody of "Young Harry the Poacher." But even Cecil is not entirely to blame for human weakness. Sam returns as a Tasmanian success story to whisk off both his sister and wife to the promised land down under, leaving Ted to scratch either himself or his consolatory fiddle.

Bill Alexander's production is decent and animated, but it never really catches fire in the face of all this dramatic schematism. There are enjoyable dance interludes and even, in the band, the potent presence of vocalist Martin Carthy who, since his *Steeleye Span* days, has done almost as much for folk music in a contemporary culture as *anyone* since Cecil Sharp. It is possible that the RSC is attempting to update those early 1970s shows which applied folk song content to historical fiction: if so, Mr Alexander falls a little short of what Bill Bryden achieved at the Royal Court and subsequently at the National.

William Dudley, an associate on those Bryden adventures, has designed a bare-boards basic set but makes *partial amends* by enthusiastically pressing his squeeze-box alongside Mr Carthy. Christopher Ashley and Stuart Richman are both pleasingly adept violinists as young and old Ted. Niamh Cusack and Amanda Harris are the wife and sister; the spirited choreography is by Sue Harris who also plays the electric xylophone.

Alastair Muir

Gerard Murphy

Miserables & Liaisons in the West End

Les Miserables approaches the end of its first year at the Palace Theatre with all the appurtenances of a blockbuster international hit: offensive ticket touts on the pavement, theatre-goers of all ages and nationalities clogging the foyer queueing for returns, rich Americans and Europeans (ever seen a Frenchman at a musical?) in the stalls; cheers and a standing ovation at the end.

The RSC production by Trevor Nunn and John Caird appeals right across the board with its assault on the emotions, its rousing music, its sense of panoramic scale. It is not, however, a patch on the Barbican original. John Napier's design is cramped at the Palace, David Hersey's lighting carelessly executed. The new Fantine, Jackie Marks, *must throw* away her wig immediately and David Burt's otherwise splendid Enjolras, first up the barricades, must beware of developing his Gary Glitter impersonation.

Rebecca Caine is one of several survivors, along with Mr Burt. Her Cosette remains sweet-throated and *affecting*. Michael Ball has returned as Marius and deserves more credit than he received for the manner in which he handles his romantic oscillation between Cosette and the devoted beggar waif Eponine (Caroline Sargeant deputised most impressively for Frances Ruffelle when I saw it).

With Colm Wilkinson signed up for the Broadway premiere next year, the new Jean Valjean of Dave Willetts is less emotionally transparent but just as strong vocally. Wilkinson's upper register is an expressive instrument of pain, anguish and regret; Willetts merely shows off another area of a very fine voice.

The new Thenardier of Stephen Hanan is way over the top, coarse and unintelligible, but Susan Jane Tanner is still his watchably grotesque and grasping wife. Olive Carter, the new Javert, is a sinister stalker of his prey, a fine cutting voice maintaining the criminal/policeman symbiotic relationship. It may have been more exciting in the Barbican, but *Les Miserables* is still the most full-blooded musical in town. There's a new song for Javert, and we've lost little Gavroche's song *before he is shot*, which some people (not I) found too sentimental.

★

Fifty yards from *Les Miserables* the RSC has established another beachhead in the West End. After selling out in both Stratford and the Barbican Pit, *Les Liaisons Dangereuses* has opened at the Ambassadors.

This clear-eyed charting of the icily amoral sexual manoeuvrings of the *ancien regime* curiously raises the ghost of Anouilh's *The Rehearsal* in the famous 1960s production, when Robert Hardy, Alan Badel and Maggie Smith presided over a similar dissection and destruction of innocence. In retrospect, it stands as a memorial to the last generation of British actors capable of portraying aristocrats without being camp, coarse or callow.

Another approach to Laclos's elegant minuet for preying mantises is Roger Vadim's updated 1959 film brooded over by Jeanne Moreau, its pretty plastic people heralding the next decade's unfeeling hedonism and meeting the triviality of the characters more than half-way. Howard Davies's RSC *production falls* squarely between all stools. By the interval one wondered why these commonplace characters, here so shallowly depicted, were worth ten minutes of anyone's time. Luckily, a pearl of a performance casts a quiet radiance over the proceedings and redeems them from total superficiality.

Perhaps it worked better in the round. Bob Crowley's white swags and draperies reach the edge of the theatre balcony. The slatted wooden back wall provides one striking touch when we glimpse the Vicomte advancing along the candlelit passage *to undo his 15-year-old victim*. Otherwise little is gained from the asymmetric scimitar-curve of the new thrust stage.

Mr Rickman prowls through the game of seduction as social prestige with the sly weariness of a sated wolf still casing the sheepfold for a future snack. Drowsily predatory, driven by a fitful obsession that flickers into hope when the only decent woman in sight confesses her love, Mr Rickman twitches, swaggers, and throws lines away so casually that it sounds like a fluff, only to catch them with lazy accuracy at the last, telling moment. He gives a performance but—uncharming to this point of the sinister—*not a consistent character*. For this we look to Suzanne Burden, a newcomer to the cast, as the good woman played with, captured and destroyed. Her simple, unaffected sweetness, her warmth in love and devastating grief at betrayal provide the most powerful moments of the production.

In the Vicomte's showdown with the manipulating Marquise de Merteuil, thieves falling out, the play leaps into dramatic life. Until then Lindsay Duncan, drawling the naughtier remarks through her nose, has seemed closer to *Abigail's Party* than a *fête galante*.

Caustic remarks on the disadvantages of her sex sound like a modern gloss, as do such jokes as "keep it up!" Nevertheless, this literate, slightly plodding entertainment will strike a *great many intelligent playgoers* as vaguely intellectual and apparently erotic. And as this *is* the West End, what more could the RSC ask?

Michael Coveney and Martin Hoyle visit two RSC transfers to see how they weathered the move

Mayerling/Covent Garden

Clement Crisp

There is, they say, nothing like being thrown in at the deep *end for making you swim*. This thought may well have crossed Antony Dowson's mind during *the past week* since, for his first major role, he has been twice faced with the most challenging assignment in the Royal Ballet's male repertory: Rudolf in *Mayerling*. The indisposition of Derek Deane, scheduled to perform, has brought this confrontation for Mr Dowson with the ardours of MacMillan's heroic writing, and it is to his immense credit that he so successfully scaled its heights in his second appearance as the Crown Prince.

His debut was last week; on Wednesday, with a new cast of leading women — an added hazard to the undertaking — he showed us a Rudolf whose nervous force and fluent, clean dancing were part of a reading of fine sensitivity. There is an air of emotional bravado about the *young Prince at the wedding*-ball in the Hofburg, but this facade soon crumbles to show, in the closet scene with his mother, a heart-rending vulnerability, and from then on the part gains in tormented energy. Rudolf's obsessions drive right through Mr Dowson's portrayal, breaking out either in the almost animal suffering of his solo during the Emperor's birthday party, or finding him *drained of hope, eager for* death, in the closing scenes of the third act. It is on every count a most encouraging view of the role, true in feeling, eloquent in expression, and very promising for the future.

Of the women who are caught in the maelstrom of Rudolf's unhappiness, Cynthia Harvey is a taut, alluring Larisch, her dancing—like that of Fiona Chadwick as a luscious Mary Vetsera—impeccable in technical statement, and vividly communicative. I admired, yet again, the musicality as well as the vivacity of Rosalyn Whitten's Mitzi Caspar, but I find an absence of maturity as yet in Tracy Brown's Elizabeth. She is beautiful enough for the Empress, but there are depths *of anguish* which must be suggested if the relationship with Rudolf is to have its proper emotional resonance. One other performance is new this season: that of Jonathan Burrows as a Bratfisch of quicksilver reactions in his dances—he gives the solos a bright air of grotesquerie—and a watchful loyalty right for the character.

Simon's "Brighton Beach Memoirs"

The National Theatre production of Neil Simon's *Brighton Beach Memoirs* is to transfer to the Aldwych Theatre on November 27 with two new cast members — Dorothy Tutin and Susan Engel. *Remaining* are Belinda Buckley, Robert Glenister, Lisa Jacobs, Steven Mackintosh and Harry Towb.

As at the National, Michael Rudman directs, with settings by Carl Toms and costumes by Lindy Hemming.

Gewandhaus/Festival Hall

Dominic Gill

As a measure of self-congratulation which applies somewhat less convincingly today, as well as of historical note, the Royal Philharmonic Society likes to include in its programmes (and mark appropriately with an asterisk) famous works which had their premiere at an RPS concert. Thus Weber's overture *Euryanthe* and Mendelssohn's Italian symphony, both premiered by the RPS, opened the concert given by the Leipzig Gewandhaus Orchestra under Kurt Masur on Wednesday. (The evening's final work, the Schubert Great C major symphony, should by rights have been marked by a cross —since the RPS refused it when Mendelssohn sent it for their approval in 1838.)

The Gewandhaus are the Germanies' oldest orchestra, and they have grown over the last 200 years from a 27-piece classical ensemble to a full-sized symphony orchestra — most substantially since 1981 when they moved into their new Leipzig hall. Under Masur they gave a light, high-spirited account of the Weber overture and a strong, clean-toned account of the Italian symphony. There was not a great deal more *to characterise the performances* than that: decent, clean-limbed stuff that was a disgrace to no one and gave much passing pleasure.

The Gewandhaus are a well-trained, mellifluous and solid band rather than a particularly exciting one: but those are no small virtues—and a good performance of Schubert's ninth symphony by an authentically sized professional band can hardly fail to be stirring (it was actually the Gewandhaus who gave the symphony its first complete performance in 1839, 11 years after the composer's death). I admired Masur's lucid reading of the *first* movement with the longest and airiest Schubertian unfoldings: lots of buoyancy in the rhythmic curve, and an unswerving sense of direction. The andante's simple clarity was engaging—as was the scherzo's trio, gently insinuating. The finale blew up a fine breeze. Solidly enjoyable.

Arts Week

Continued from Page 20

Exhibitions

PARIS

Esteve: After important exhibitions in Germany, Switzerland and Scandinavia, Paris in turn honours the abstract French artist born in 1904. The retrospective consists of 116 paintings, 50 watercolours, nearly as many drawings, *some collages* and tapestries and shows Esteve's development. Influenced at first by Cubism *and fascinated* by Cezanne, he continues obstinately on his own solitary road until he achieves an equilibrium between a rigorous composition and an explosion of colours. Grand Palais, Closed Tue, *Ends* Jan 12 (4256 0924).

Francois Boucher: the 86 paintings and 25 drawings of his first major retrospective re-create the pastel-coloured world he peopled with voluptuous goddesses and shepherds. Premier Peintre du Roi, a *favourite* and friend of Madame de Pompadour. Boucher personified the lighthearted charm and seduction *of* the Louis XVth Period. His pastoral and mythological scenes reproduced by engravings, tapestries and on Sèvres porcelain spread the influence of French court art all over Europe. Grand Palais, closed Tue, Ends Jan 5th (4289 5410).

Les Prix de Rome: The exhibition consists of paintings which won the much-coveted stay in Rome for the laureats *from* 1797 to 1863. The uplifting subjects from mythology or the Bible, the noble sentiments, melodramatic gestures and perfect workmanship crowned in the prestigious yearly competition provide a unique panorama of French academic art. Ecole Nationale des Beaux Arts, 11 Quai Malaquais, closed Tue, ends Dec 14. (4230 3457).

Paris Abstrait, 1945-1955: Magnelli's cut-out reminiscent of Braque, a powerful Hartung with his large black strokes against a beige background, *Esteve's* colourful puzzleand Mathieux's ink-black splotches and smears are glorying *in* their abstraction. Except for de Stael, whose flowers in dense, dark colours are lit up by orange and mauve. Galerie Natalie Seroussi, 34 rue de Seine. Ends Dec 15. (4256 0924).

WEST GERMANY

München, Neue Pinakothek: King Ludwig I as a collector: A photographic exhibition commemorating the 200th anniversary of his birth. Ends Nov 23.

Hamburg, Kunstverein Ferdinandstor I: Frank Auerbach. A series of paintings and drawings for which British artist Frank Auerbach won the Golden Lion award at the Venice Biennale this year. Thirteen of Auerbach's earlier works *will* also be on show to give a view of the artist's development and tradition over 30 years. *Ends* Nov. 30.

BRUSSELS

Ingres and Delacroix – Drawings and Watercolours – Palais des Beaux Arts. Ends Dec 21.

Chinese Porcelain – the Transitional Period. Musée Royale d'Art et Histoire. *Ends* Dec 14.

Opalescence: glass from 1920-1930. BBL Place Royale. Ends Nov 29.

ITALY

Rome: *Rome* has excelled itself with four highly enjoyable and beautifully presented exhibitions. At the Gallaria Nazionale d'Arte Moderna (Viale delle Belle Arti), the rapt, pallid northern beauties of Edward Burne-Jones are drawing surprisingly large crowds. At Palazzo Braschi (Piazza San Pantaleo) Paestum and the Doric Revival – paintings, drawings, engravings and scale models from the years immediately following the rediscovery of the Greek *temples* in 1750, and its effect on the architecture of such distant cities as Boston and Baltimore, as well as numerous European capitals. At the Braccio di Carlo Magno (Piazza San Pietro) exquisite Mosaici Minuti made in Rome in the late 18th and early *19th centuries, and bought by* travellers unable to afford a Canaletto, and at Villa la Farnesina (Via della Lungara 230) a delightful series of engravings on the works of Annibale Carracci mostly inspired by his frescoes in Palazzo Farnese (now the French Embassy in Rome) which fascinated engravers for two centuries after his death in 1609. (Burne-Jones and Paestum and the Doric Revival run until Nov 23; Roman Mosaics and Carracci until Nov 30.

Venice: Palazzo Ducale: China In Venice: *Chinese Civilisation from* the Han Dynasty to Marco Polo (25–1279 AD): 150 objects, including *silks, brocades, jewellery, terracotta* figures, glass and porcelain lent by the Peking Museum. Many result from recent excavation, and most have never been out of China. The exhibition covers the main period of Chinese art, and the objects found in tombs, buried with the owner for his use in the hereafter, shed a fascinating light on life in the period. Ends March 1987.

Florence: Palazzo Medici-Riccardi: Masterpieces of German Expressionism (1905-1920): Works from private and public collections give a history of what has become a highly fashionable movement with works by Kandinsky, Kirchner, Schiele, Nolde, Klee, and the appalling visions of Otto Dix. Ends Nov 30.

Rome: Museo Nazionale delle Arti e Tradizioni Popolari (Piazza Marconi 8, eur): "Precious Ornaments." A large collection of Folk jewellery *from all over Italy, dating from the* turn of the century, illustrated with charming photographs of heavily bejewelled countrywomen. Until Nov 30.

NETHERLANDS

Amsterdam Historical Museum. A collection of 19th-century French drawings and watercolours providing a cross-section of the styles and themes of the period, from the veneration of the Napoleonic legend to exotic Orientalism and the Italian picturesque. Ends Jan 4.

Laren, Singer Museum. Recent graphics by more than 100 Dutch artists. Ends Dec 14.

Eindhoven, Van Abbe Museum. Currently drawing a record number of visitors to the 50th anniversary "Eye level" exhibition of its entire collection. The 1,500 works read like a roll-call of modern art, from Chagall, Kandinsky, Braque and *Picasso* to Klein, LeWitt, Baselitz and Kiefer. Ends Nov 23.

Haarlem, Frans Hals Museum. In Search of the Golden Age comprises 70 paintings, watercolours and drawings from 1600–1850. Ends Nov 30.

Amsterdam, *Historical Museum*. The Taste of the Elite focuses on Amsterdam's rich merchant class and *its influence on art and* culture *as* part of the celebration of the 16th century currently taking place in seven *Dutch museums. Ends* Dec 7.

Amsterdam, Van Gogh Museum. Monet in Holland documents the Impressionist's visits to the country at three different stages in his career with 24 canvases painted in Zaandam, Amsterdam and the *bulb* fields, with related work by French and Dutch contemporaries. Fully illustrated English catalogue. Ends Jan 4.

SPAIN

Madrid: Julio Gonzalez (1876-1942), Spanish cubist sculptor considered with *Picasso* the top exponent of this movement; 50 sculptures and 70 drawings on loan by the Ivam, Valencia's modern art museum. Ends Dec 30. Also Miro sculptures (1893-1983): 100 sculptures and 140 drawings on loan by Moma, Georges Pompidou, Miro Foundation and private collections offer a vision of Miro's sculptures of 1930-1970 of *which we know little in Spain. Ends* Jan 20. Both at Centro de Arte Reina Sofia, Santa Isabel 2. Open Tue to Sun: 10.00-21.00. Closed Mondays.

VIENNA

Dian – a submerged kingdom of China: According to the organisers this is the first exhibition in the west of treasures from the Dian Kingdom, which existed more than 2,000 years ago in south-west China. Unusual and spectacular gilded bronzes were discovered only 30 years ago in Dian burial grounds. Exhibits include dramatic groups of men and animals, showing scenes of war, dance and celebration. Also on show are weapons, *tools*, musical instruments, agricultural and weaving equipment, bronze drums and jewel *boxes from what must have* been a vigorous culture. Museum of Mankind, Neue Hofburg. Ends Nov 23.

NEW YORK

Bravo Carnegie Hall: While Carnegie Hall is being renovated, the exhibition space at the Performing Arts Library at Lincoln Center honours the venerable venue with original architectural drawings and cutaway *models along with a tribute to* violinist Isaac Stern, president of Carnegie Hall, and memorabilia like *the original programme of 1891* and other programme covers.

Whitney Museum: A retrospective of 168 of John Singer Sargent's paintings, watercolours and drawings provides the first major overview of *the artist's work in 80 years, with* many of his famous full-length portraits, and landscapes and informal drawings. Ends Jan 4.

WASHINGTON

National Gallery: Viennese Renaissance sculpture from the Kunsthistorisches Museum includes work by *Bertoldo di Giovanni, Andrea* Briosco, and Alessandro Vittoria. Ends Nov 30.

National *Gallery: Henri Matisse:* The Early Years in Nice 1916-1930, includes 170 paintings from the *artist's life in the south of France*, where the light made a permanent difference to his sense of colour. Ends March 29.

CHICAGO

Chicago Historical Society: Louis Sullivan, a seminal figure in American architecture, is celebrated in an exhibit in the city he made architecturally famous with newly made models of his buildings along with drawings, sketches and building fragments emphasising his use of ornament. Ends Dec 31.

TOKYO

El Greco: *50 oil paintings*, part of the Matsukata collection. National Museum of Western Art, Ueno Park, one of Tokyo's few large parks. Several national museums and Tokyo's main concert hall (Tokyo Bunka *Kaikan*) are *in the vicinity*. A day's museum-hopping can be pleasantly divided by refreshment at one *of the park restaurants. Ends* Dec 14. Closed Mons.

Saleroom/Antony Thorncroft

Sizzling sum for Bacon

A typically aggressive painting by Francis Bacon, "Seated figure", which depicts a squatting man holding a bowl, covered by an umbrella, sold for £644,827 at Christie's in New York on Wednesday night, an auction record for a Bacon.

It was part of the collection of Ted Ashley whose ten pictures brought in £3,038,275, underlining the terrific demand this week in New York for contemporary art. In the same sale "Blang", by Roy Lichtenstein, originally the centre piece of a fine panel work entitled "Live ammo", was bought by a Swiss dealer for £546,206, a record for this "pop" artist. "Light, earth and blue" by Rothko made £455,172.

The general sale of contemporary art which followed was more typical of the sector, totalling £2,891,862 with 26 per cent unsold. "Summer 1" by Sam Francis went for a record £568,965 while another Lichtenstein, "Still life with artists tools", realised £288,275. There was also an auction record for that current *enfant terrible* Julian Schabel: his "Tower of Babel" sold for £83,448.

At Christie's in London yesterday continental furniture went according to plan, totalling £544,016 with 11 per cent unsold. There was one major surprise, an English pile carpet of the mid-19th century, with a central motif of summer flowers, was bought by the London dealer Sternberg for £35,200, as against a top estimate of £5,000.

A south German figured and burr walnut armoire of the 18th century quadrupled its forecast at £14,300, and a Dutch walnut and marquetry display cabinet of the late 18th century was sold by the Duke of Buccleuch for £12,100.

Eskenazi, the London dealer, was a keen buyer at Sotheby's sale of Japanese works of art, taking the four top lots in the morning session. A gold lacquer kodansu (portable group of boxes) sold for £27,500; a five box inro signed Zeshin, the leading 19th century lacquer artist made £25,300, and a Tabako-ire in the form of a pottery chaire by the same maker £13,750. A similar, from the same source realised £9,350.

In Geneva on Wednesday Sotheby's disposed of jewels for £4,893,802. A diamond ring by Harry Winston, with a stone weighing 13.75 carats, exceeded its estimate at £306,048.

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Friday November 14 1986

Groping for job recovery

IN NORMAL circumstances a substantial fall in seasonally adjusted unemployment, for the third month in succession, would be the occasion for a pretty uncomplicated celebration. Since the improvement in UK employment market is further confirmed by a continued rise in the number of registered vacancies, which as usual has been signalling a turn well ahead of the figure for benefit claimants, it would not be premature to talk of a break in the long, disheartening trend. Indeed, it may well be appropriate to mark *this as the turn*, as Mr Kenneth Clarke, the Paymaster General, did yesterday; but for two reasons it remains almost impossible to be sure what the figures mean in any real sense. It would require Henry James to do justice to all the *ifs* and *buts* and nuances involved.

The first difficulty, as Opposition spokesmen have been quick to point out, is to know *how far* the figures are due to various special relief schemes, and how far to a change in the economic environment. A simple calculation shows that the fall in unemployment over the *last* six months, unadjusted (not the seasonally adjusted fall in the last three months) *almost* exactly matches the rise in the number of adults involved in *special* employment schemes.

Major role

That may or may not mean that the apparent improvement has nothing to do with the underlying economic situation. The figures are also affected by the balance between men and *women on the* labour *force (the* displacement of men by women tends to raise the number of claimants even if total whole-time employment is unchanged or rising), by demographics and by still unknown figures for self-employment. It is clear, though, that special employment schemes have played a major role.

Government critics tend to treat these schemes as a kind of window-dressing, but this is extraordinarily misleading. A training post or even community work can be a large gain in human terms compared with enforced idleness. Training is *also a potential gain in economic terms* — but it is a gain which can only be realised if actual job opportunities are *subsequently forthcoming*. The figures for vacancies suggest that they will be forthcoming; but even here there is ambiguity. Some of this increase in vacancies simply measures the growing regional disparity between the south-east of England, where some jobs are now hard to fill, and the north, where they are largely *impossible* to find.

Slower shrinkage

The seeker after inner meaning must therefore turn to *economic rather than job statistics* for guidance; but again the answers will not be altogether clear. The quite sharp recovery in manufacturing output in the last three months, also announced yesterday, looks hopeful, and should increase the credibility of the Treasury's economic forecasts last week. However, *surveys of employers* show that many who expect to raise output still plan to go on cutting jobs. Manufacturing employment may simply shrink more slowly.

Finally, the interpreter must decide on how far current trends are likely to prove sustainable; but it has recently become difficult to read government policy, whether fiscal or monetary, with any precision. *As with the unemployment* figures, it is first necessary to decide how far the changes are real, and how far they are simply presentational. A current consensus view would probably be that while the current consumer boom, and the apparent fiscal stimulus, are bound to fade, the gain in competitiveness within the EEC market should stimulate both output and employment.

A welcome for *the figures is* still, therefore, almost certainly in order. The special schemes which have been set up are not only humane, but may well prove productive in the long run, and there are grounds for hoping that market conditions will enable that promise to be fulfilled. It would be pleasant to proclaim the good news much louder—but premature. Ministers may regard this tentative verdict as ungenerous but they must get used to the fact that while the *groundsmen keep moving the* goalposts, the crowd will never be quite sure when to cheer.

Power politics in the Philippines

A MERE nine months after a singularly glorious early spring, which culminated in the deposition of former President Ferdinand Marcos, the Philippines is again facing a winter of discontent. A Communist guerrilla insurgency rages unabated, the economy is still in a shambles and corruption on a grand scale is resuming its potency in the life of the nation. But, most disturbing of all, the political stability and pervasive sense of goodwill that accompanied the accession to power of Mrs Corazon Aquino appear to have collapsed.

Her mission to Japan this week was itself a microcosm of Philippine troubles in two sense. First, she asked Japan for some $1.6bn in emergency economic assistance, which happens to be more than five times Japan's aid to the Philippines in the current financial year; she also exhorted Japanese banks to play a major part in the new $10bn debt rescheduling exercise. The sums alone *are indicative of the scale of* the islands' needs and the extent to which the economy *has continued to deteriorate* since the ancien regime decamped to Wawaii.

Secondly, when she left for Tokyo, the Philippine army was placed on full alert with the explicit purpose of nipping in the bud any attempt to install in her place Mr Juan Ponce Enrile, the Defence Minister. *Manila* has been alive with coup rumours for weeks now, to the point where it appears that Mrs Aquino leaves the country at her peril. It often seems as though only the honest soldier, Gen Fidel Ramos, chief of the armed forces, stands between an outright confrontation between Mrs Aquino and Mr Enrile.

Sharp contrast

It is a little too easy, however, to heap all the blame for this sad state of affairs on Mr Enrile's *shoulders. His overwhelming* ambition to be president and the record for corruption he *acquired in the Marcos* administration which he served do not make him an attractive character, by any international standards. There is reason to fear that an Enrile regime would bear an uncomfortable resemblance to that which was replaced earlier this year.

But Mr Enrile did, along with General Ramos, help engineer Mrs Aquino's peaceful accession to power and he does have both policies and a political will that stand in sharp contrast with Mrs Aquino's air of disengagement. He may be wrong in his belief that the Communist rebels can be crushed militarily but he knew how to pull the levers of Philippine power better than Mrs Aquino in getting his view accepted over her preference for a negotiated settlement.

Mrs Aquino, justifiably popular though she may be as a person, seems to have neglected the practice of politics. It probably was a mistake on her part to have summarily dismissed earlier this year all the elected political officials of the Marcos period and it probably has been an error to have moved so slowly to implement a new constitution. In not establishing a political organisation of her own, she has allowed other opportunists, not least Mr Enrile, to make political headway in a void.

Active management

So long as General Ramos holds firm, Mrs Aquino has a shield. But the Philippines military is restive and elements of it are said to be drawn towards the Defence Minister, not least because of his pronounced willingness to meet the insurgents with force of arms, not words.

The United States, which played a role in removing Mr Marcos and whose vested interests in the Philippines hardly need restating, can contribute to the restoration of political stability by constantly reaffirming its confidence in Mrs Aquino and by discreetly bolstering the resolve of General Ramos.

Japan, as the principal regional economic power, should also swallow some of its justifiable doubts and help the Philippines financially and commercially on a grander scale. This might be the perfect opportunity for Japanese companies actively to manage Philippine development projects, rather than to allow both public and private aid to disappear, *as it has too often* in the past, down the sinkhole of corruption.

Above all, it is *incumbent on* Mrs Aquino herself to deploy the esteem in which she is held *more effectivly*. Governing can be a trying and sometimes dirty business, for which her *background* did not train her. But she remains her country's best hope.

THE WEST AND IRAN

An eye on the bigger bomb

By Roger Matthews, Middle East Editor

NEARLY EIGHT years after the overthrow of the Shah, Western nations are more than ever in disarray over how to cope with the unique phenomenon of the Islamic revolution in Iran.

There has long been broad agreement that Ayatollah *Ruhaollah Khomeini and his* fellow clerics pose a serious threat to the established order in the Middle East and therefore to most Western interests. The Iranian authorities would not dissent from such an assessment.

But the very durability of the Tehran regime, its relentless pursuit of the war with Iraq and its newly-found assertiveness within the *Organisation of Petroleum Exporting* Countries, are tempting both Western and Arab governments into adopting conflicting postures which can but work against their official policy aims.

Mr Jacques Chirac, the French Prime Minister, summed up the underlying fear of many governments during a recent interview with the Washington Times. "There *is an extraordinary danger for* all of us coming from Iran," he declared. "Our common objective should be to prevent the stampede of fundamentalism throughout the region. And that is far more important than severing relations with Syria over some incident in London or some bomb that goes off down the street."

Britain, he said, was wrong to break with the Syrians "*because of some obscure bomb* plot that misfired" and the Americans with their "farcical air raid on Libya merely retarded the destabilisation of Col Gadaffi's regime." These actions, according to Mr Chirac, stirred Moslem opinion against the West and provided more fertile ground for the revolutionary ideas of Iran.

In other words, the pre-occupation of some governments with international terrorism had caused them to lose sight of far greater and more pressing dangers. Worse than that, the actions of countries such as Britain and the US were *fostering the growth of fundamentalism* and creating additional threats to Arab friends such as President Mubarak of Egypt and King Hussein of Jordan.

Mr Chirac's views, although not meant for such a public airing, nonetheless bring into the open a private debate which has been raging for years. And it is a debate which has been more emphatically fuelled by President Reagan's admission on Wednesday that the US, for all its arms embargo against Iran and often-declared commitment never to negotiate with countries which support *terrorism, has been providing* military equipment to the Iranian regime.

Mr Reagan justified his approval of covert arms sales by claiming that it was designed to encourage "moderate" elements within the Khomeini regime. Indeed, it had been clear for some time that parts *of the Reagan Administration* were engaged in a reassessment of policy towards Iran. Some officials had moved from the view that the war with Iraq was unwinnable by either side, at least militarily, to the opinion that Iran had gained the upper hand.

Iraq has suffered two setbacks this year—on the Fao peninsula where Iran gained a foothold, despite heavy losses, and at Mehran where it paid the price for an ill-conceived attempt to seize a slice of Iranian territory to balance the Fao loss. But both Iraqi defeats appeared to be due more to incompetence, than to any increase in Iran's military capacity or a serious weakening in Iraq's very substantial border defences. Had Iran not shared that assessment, it would have launched its much-heralded "final offensive."

What has been holding Iran back is the lack of conviction in Tehran that an all-out attack would achieve the decisive breakthrough. The pattern of the war during the past four years shows that Iran does have the ability to penetrate Iraq's defences, but it lacks the air cover and logistical support

The Iranian revolution is more than ever hungry for success. It needs to expand to fulfil its God-given order

Most Western military experts believe that position has not changed during the past year. *They argue that it is likely to* continue for so long as Iran is denied the opportunity to buy the sophisticated weapons it requires, either as a consequence of what was thought to have been a US-led arms embargo, or through lack of revenue due to the collapse in world oil prices.

Iranian leaders are also sensitive to the unpopularity of the war with large sections of the public. There is no doubt that the Iraqi invasion in September 1980 initially provided a tremendous rallying point for the then infant revolution and helped Ayatollah Khomeini to *defeat his domestic rivals and* consolidate his grip on power. But after six years of fighting, the brunt of which has been undertaken by irregular infantry, Iran has suffered enormous casualties. Offensives have become fewer and more widely spaced.

The Iranian leadership has been forced by necessity to become more pragmatic, a characteristic which is anyway built *into* the constitutional structure of the state. Ayatollah Khomeini, is the spiritual leader, the supreme jurist, the vice-regent of the Prophet. His interpretation of the Koran represents the highest authority in the Islamic state. While he sets the objectives for Iran—ranging form the immediately practical, such as the overthrow of President Saddam Hussein of Iraq, to the re-creation of an *ideal* society which allegedly existed more than 1,000 years ago — it is the more junior clerics who act as executives and compete to put forward policies which they believe will best achieve the Ayatollah's declared aims.

Their capacity to initiate, however, is circumscribed by the constitution, which has provided a range of competing institutions and official positions with no clearly established line of authority. Thus the Friday prayer leader in Tehran might *wield as much effective power* as the Prime Minister, who in turn competes with the President, who can be called to account by Parliament.

With Ayatollah Khomeini's physical powers waning and his nominated successor, Ayatollah Hosein-Ali Montazeri, in a constitutionally weak position, there is no lack of opportunity for individuals to undertake initiatives in the name of the revolution. There is a perpetual jockeying for power and influence in Tehran, but so far there has been little evidence that it seriously undermines the aims of the revolution of Khomeini's authority.

However, according to Mr Chirac and others, no-one should be *lulled into believing* that there is any fundamental debate in Iran about ultimate objectives. Certainly, the Iranian revolution is more than every hungry for successes. It needs to expand so that it fulfils its God-given order to assist oppressed Moslems, wherever they may be found. For the Iranian leadership this means initially fellow Shi'ites, especially in Iraq and Lebanon, where—alone in the Middle East—they represent more than 50 per cent of the population.

After the war with Iraq, there is no more popular topic on Iranian television news than the growth of radical Shi'ite groups in Lebanon. Iranian *Foreign Ministry officials* say there is nothing they would like more than a Westrn-style democracy in that country, with each adult getting the right to vote. The result would be a Shi'ite dominated Parliament *and, it is hoped in* Tehran, the creation of the world's second Islamic republic.

Iran's objective is totally at odds with Syria's insistence on remaining the dominant external force in Lebanon, but for the time being the two countries have buried the longer-term contradiction in the face of more immediate advantages. Not the least of these is the appreciation of the extent to which surrogates in Lebanon can be used to powerful political effect. Although both countries deny *involvement* in terrorism or hostage-taking, their ability to influence those that do has *brought impressive rewards*.

President Reagan and Mr Chirac say that their respective supply of arms for Iran and the part-repayment of a $1bn loan made to France by the Shah are not related to the release of hostages from Lebanon. It is doubtful whether such assertions enjoy much credibility in Damascus or Tehran. Iran and Syria must be delighted at the divisions which they have helped to create among members of the Western alliance who once again appear to have put *national self-interest above any* other consideration.

It is that appreciation of competing *international* interests which Iran is so skilfully seeking to exploit. It has been willing to negotiate even *with France, which through its* supply of aircraft and Exocet missiles to Iraq has done more than any other Western nation to damage Iran's oil exports. It has been steadily improving relations with the Soviet Union (despite its powerful opposition to Moscow's occupation of Afghanistan), a development which was bound to send shudders of apprehension down the spine of the US Administration. *It* has been more than ready to receive emissaries from the conservative Arab monar*chies of the Gulf*, against whom Tehran radio has broadcast virulent propaganda.

In some Western eyes this could indicate that the revolution, like others before it, has matured and moderated; perhaps that Iran would agree to scale down the war with Iraq and contemplate a negotiated settlement, even that it might be willing to receive personal envoys from President Reagan, hitherto the "Great Satan."

To some Moslem eyes, it might equally suggest that the Iranian revolution has grown in stature—that even those who most bitterly opposed it are being forced to come to terms with this major new regional power. President Reagan, who a few months ago bombed Col Gadaffi, is now giving weapons *to Ayatollah Khomeini*.

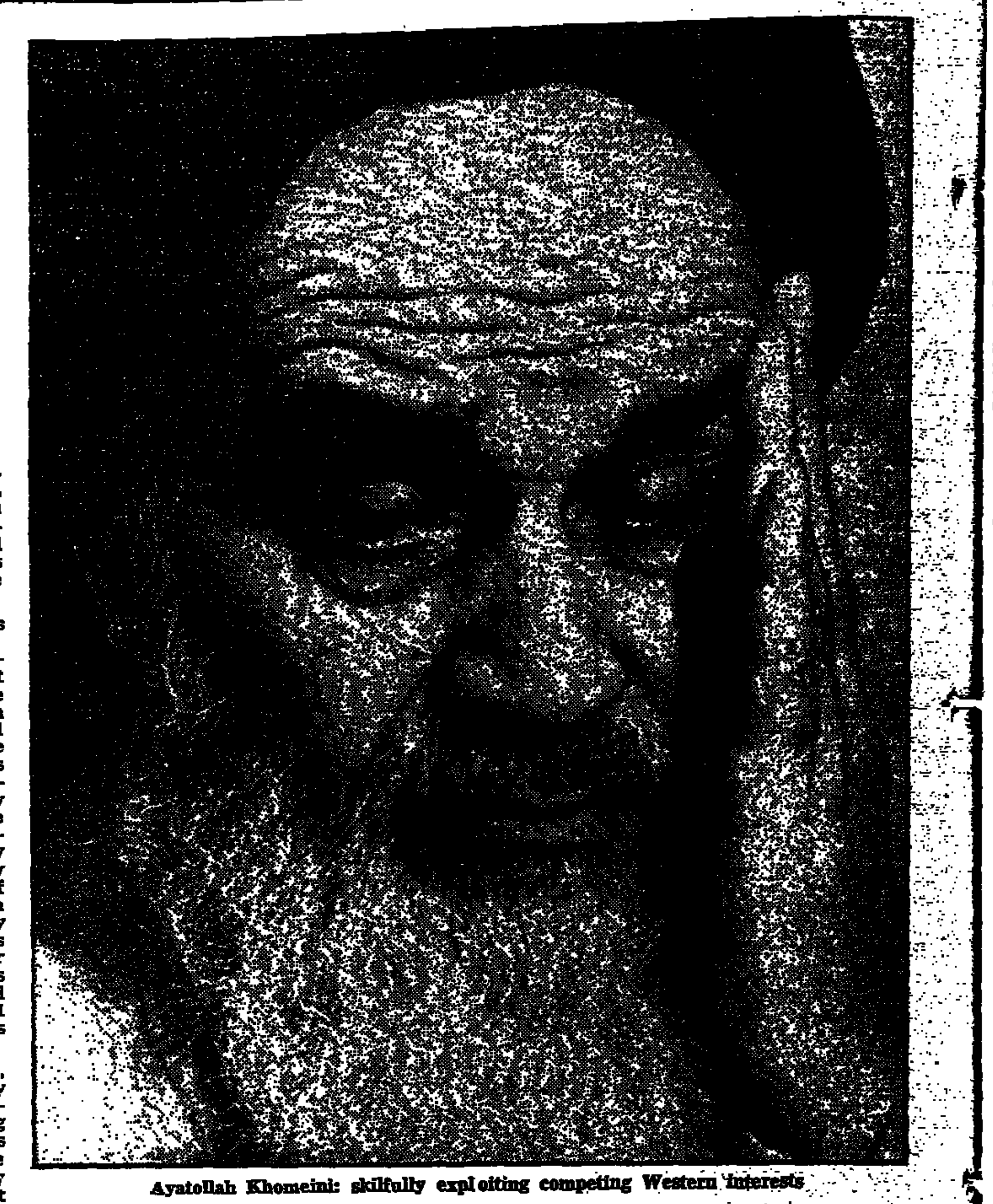
They might even draw the conclusion that unfettered Islamic fundamentalism could fill the political vacuum in the Middle East left by the now totally-discredited philosophy of Arab nationalism.

It has already gained a strong foothold in Sudan, it is the *principal threat to* President Mubarak in Egypt and it is trying to re-establish itself in Syria.

Further success in any of those countries, which are all struggling to adjust to the political impact of sharply lower revenues, could help to create the snowball momentum to which the Middle East has in the past shown itself vulnerable.

Western nations may well be powerless to stop the trend. "The only conclusion one can draw is that the West must manage this enormous crisis with a lot of prudence," said Mr Chirac. "The big bomb is not the one which explodes on the Rue de Rennes but the one which could explode all over the Arab world *if* Arab public opinion is pushed against the wall."

Whether or not Mr Chirac's view is accepted, the West should carefully reflect on the track record of those two countries which in the past decade have believed they knew best about what was happening in Iran—the US and Iraq. One was humiliated, the other is still *struggling to survive*.



Ayatollah Khomeini: skilfully exploiting competing Western interests

Men and Matters

Free air starts at Luton

Irishman Cathal Ryan, at 27 already deputy chairman of an airline and a jumbo jet pilot, warms to his subject as he forecasts the future for civil aviation in Europe.

The deregulation of Europe's skies is gathering pace and *will be unstoppable, he believes*. And it will provide a once-only opportunity for new "second *force*" airlines.

Ryan belongs to Ireland's first family of aviation. Father Tony, aged 50, runs the world's leading aircraft leasing firm, Guinness Peat Aviation. The family also owns most of the new airline, Ryanair, which wrested 16 per cent of the lucrative Ireland-England traffic from the *major* airlines during last summer's peak months.

Now the Ryan family is putting £630,000 into the troubled carrier London European Airways for 85 per cent of the equity. Cathal Ryan is the newly-appointed chairman, and the intention is to run LEA alongside Ryanair as a separate operation.

LEA's assets amount to little more than licences for routes between Luton, and Rotterdam, Amsterdam, and Brussels.

"Marvellous," says Ryan. "We are going to organise LEA as an American-style hub and spoke aviation network, with Luton as the hub. The services *will fit neatly alongside* Ryanair's routes between Luton and Ireland."

Aircraft are not likely to be a problem with a hotline to GPA. Ryan says it could be a jet operation.

Ryanair has been delighed with Luton, on the M1 motorway north of London, as a UK centre *for its operations*. Ryan foresees a Luton-based LEA network performing equally well.

And the fares? "Substantially below the levels now available on the established airlines," he promises.

Odd shoe shuffle

Was it to bring good fortune? Or was it just a touch of individuality?

Richard Branson was walking around the City yesterday, watching the queues of would-be Virgin investors, wearing an odd pair of shoes—one black brogue-type and one plain dark blue.

He confessed he had not *noticed, but explained*: "I got a phone call at five o'clock this morning to tell me that one of our bands, Human League, was No 1 in the US. I just dived into the cupboard in the dark for a pair of shoes."

Branson—suitably impressed by the queues bringing Virgin "sacks of money" — soon got over his embarrassment about his footwear. To later questions about his shoes, he quipped: "I've *got another pair just like* them at home."

Culture city

Glasgow yesterday won unaccustomed status *when* EEC culture ministers, meeting in Brussels, nominated it European city of culture for 1990.

Sassenachs who might raise the odd unkind eyebrow at the choice should recall that Defoe describe dGlasgow in 1723 as "the beautifullest little city." Now, it will get the recognition *it deserves thanks to an* EEC decision in 1985 that member states sould take it in turns every year to produce a cultural capital for Europe.

Athens was the first last year. Florence is in the spotlight this year and Amsterdam, Berlin and Paris will take their turns before Glasgow.

The *decision* to propose Glasgow was made by Richard Luce, Britain's Arts Minister, who says he *selected the* city from several regional competitors for the honour because of its large number of theatres and arts centres.

Luce was roundly applauded by his community colleagues. The West German minister solemnly pointed out that Glasgow's big working class population made it a good choice because it only went to show that culture is not the preserve of the elite.

Agnew's security

It has not taken Jonathan Agnew, *chief* executive og International Securities Regulatory Organisation, long to find *himself another job. On Wednes*day, the Stock Exchange decided to merge with ISRO; yesterday Agnew was appointed executive chairman of Kleinwort Benson Securities.

Agnew, who takes up his new post on January 1, says he never planned to be a regulator all his life and looks forward to "pulling together" the different bits of Kleinwort Benson Securities.

There is a lot of pulling to*gether to do. In an expansion* drive over the past few years, Kleinwort has bought in a large *number of outside institutions*. Its securities arm now employs about 1,000 people on three continents and is still far from a homogenous group.

If consolidation is his too priority, Agney also acknowledges that there "may be a few bits and pieces to add on" to the operation. In particular, *he says, upgrading Kleinwort's* Tokyo branch from a securities dealer to a member of the Tokyo stock exchange is not far down the track

No second chance

The maligned London stock exchange automated quotation system (SEAQ), *which* was out of action for nearly an hour yesterday, has found a way to *hit back*.

It is telling the City that it cannot, or will not, correct *errors* perpetrated by *mere* humans.

Interest was aroused among the key-punching traders when a deal of 5m shares in Grand Metropolitan was reported on SEAQ—a sizeable transaction for a stock which usually trades about 3m shares daily.

It was all a mistake, perpetrated by a careless trader who pressed the "millions" button instead of the one marked "thousands."

Once the figure went into SEAQ it was found there was no way of correcting it. So the figure was incorporated into the *running total of Grand Met* volume for the day.

Subscribers were told on an *errata* page "5m should be subtracted from the volume figure."

Happy days

Roger Laughton, head of BBC *Daytime programme is* not opening the celebratory bottles of Sancerre yet but a lot of people *seem to be switching on* their TV sets during the day.

Laughton was given the task of putting on 1,000 extra hours of television a year with an £8m budget—not much more than the price of a very glossy new drama series. He estimated that during the course of the day, 25m people were available at least for part of the time.

In the first week of BBC Daytime, Laughton believes there was a "reach" of 23m—the number of people that watched at least once. "We knew the potential audience was there but they are turning on in greater numbers than we thought likely," says Laughton.

The new BBC lunchtime news got between 3m-4.5m, and the Australian soap opera, Neighbours, was watched by 3m on two showings.

Even the ITV companies are happy — they do not believe the BBC has taken much away from their audience figures.

Pay in full

Sir Pat Lowry, chairman of the conciliation service, Acas, yesterday cogently summed up the gargantuan teachers' pay talks which, after days in a Nottingham hotel, rested this week at his own head office.

Speaking at a lunch marking the 20th anniversary of the pay research company, Incomes Data Services, Lowry characterised the multi-party talks as "the only negotiation where an octagonal table is not sufficient."

Observer

POLITICS TODAY

The long march to realignment

By Malcolm Rutherford

THE REALLY intriguing question about British politics nowadays is what happens to the process of political realignment if there *is a third* successive Conservative victory at the General Election.

There is a subsidiary, but related, question: should we not have been paying *more attention* to constitutional reform and, in particular, to the future *of the House of Lords?*

Realignment — effectively it meant realignment of the Left —was a term introduced into British politics by the now Lord Grimond when he was leader of the Liberal Party in the late 1950s and early 1960s. The Liberals then were winning all sorts of by-elections and even in general elections their vote was steadily going up: from 2.7 per cent of the poll in the 1955 election, *for example, to 11.2* per cent in 1964 and, under Mr Jeremy Thorpe, to 19.3 per cent in February 1974.

Yet the idea that all good radicals could coalesce and oppose the Conservatives never quite took off. Labour and the Tories continued *dominant, at* least in terms of Parliamentary seats.

There *was a relaunch*, however, in the early 1980s when part of the Labour Party broke away to found the Social Democratic Party, and then to form the Alliance with the Liberals. In December 1981 the Gallup Poll gave the Alliance 50 per cent of the vote, against 23 per cent each for Conservatives and Labour. Mr Roy Jenkins won *the by-election in Glasgow*, Hillhead, shortly afterwards; then came the Falklands war.

As we now know, even that second attempt at realignment was a false dawn. The Labour Party had split, but not down *the* middle. Sufficient *of* it *remained* to put up a plausible fight under the new, young leadership of Mr Neil Kinnock. The flow of recruits to the Alliance was halted.

Moreover, the Labour Party and the Alliance fought each other quite as hard as they *fought the Tories. The result* was that they gave the game to Mrs Thatcher. The outcome of the 1983 General Election makes that clear beyond doubt: Conservatives 42.4 per cent of the vote, Labour 27.6 per cent and the Alliance 25.4 per cent. *There was an anti-Tory majority* in the country, but in the House of Commons the Tories won nearly 400 seats out of a total *of 650*.

Present signs are that something similar could happen again. Indeed I can think of only three plausible reasons why the Tories might not win the next election with an overall (and possibly very large) *majority. Here they are:*

● The Government is so inherently incompetent that it cannot avoid the compulsion to slip on a banana skin even when it has seen it in advance. This is slightly allied to the Macmillan theory: namely, that because *the Macmillan* administration, after the Tories had been in office a long time, seemed to run out of steam and became caught up in a succession of sexual and financial scandals and Home Office maladroitness, the same thing is bound to repeat itself.

● The Alliance recovers sufficiently to take seats from the Tories *and thus* to allow Labour just about to scrape home because there are some seats *in* the North and the inner cities that Labour can scarcely lose. The variant on this is the Hung Parliament theory, much loved by academics and journalists because it gives them an "interesting subject" to talk *and write about.*

● Somebody comes up with a better tune: either Labour or the *Alliance*. Not just one tune, like "The Tories are cutting the Health Service," but a tune that could hold up a symphony, win an election and be expected to play through a *full-term* Parliament.

None of these eventualities seems very likely. The Macmillan theory is the most beguiling because it is related to the pendulum theory of politics, which is that after a period *fashions change. For* example, a lot of people used to be against Victorian architecture and furniture. It was then re-assessed and came at least partially back into vogue.

The pendulum theory must stand until it is proved wrong; the question is about the length of the period. After all, it took nearly 40 years of political realignment, accompanied incidentally by two world wars, changes in the franchise and a number of coalition governments, for the Labour Party to come to *power in its own right, ready* to sweep all before it.

Besides, for a fashion to *change, there must be* something at a general election to put in its place. Even the now Lord Wilson, who did try to change the fashion, won only barely in the General Election of 1964 when practically everything was in his favour. He is not now remembered for tunes of glory, but more for lyrics that did not stand the test of time.

The Thatcher fashion actually began with Mr Edward Heath. It took a while to catch on, partly perhaps because Mr Heath *abandoned* it in the middle of his Premiership. Mrs Thatcher only came to office in 1979. The tunes or the fashions introduced then are still running. No party has begun seriously to overtake them; if anything, the Opposition is still *trying to catch up with the* Thatcher footsteps.

As evidence, one might cite the reaction of the Opposition parties to Chancellor Lawson's *Autumn Statement on the* economy last week and to the Queen's Speech on Wednesday. They appeared stunned that the Chancellor could promise both to increase public expenditure and to cut taxes, even though the actual amounts involved are *quite* small and the public sector borrowing requirement may still decline as a percentage of the gross domestic product.

As a former Labour Minister, *Margaret Bondfield, said after* the Labour débâcle of 1931: "Nobody told us we could do that." The Tories have the nerve.

It was the same with the Queen's Speech. It was a pretty thin legislative programme that was being presented and everybody knows that one of the reasons is that a general election is in the offing and that the Government does not want *to be saddled with too* much of a Parliamentary timetable. But you could still hear the Opposition parties pondering: "Why has she done this to us? How could she? The Tories were supposed to be down and out. Yet she comes back after the summer, goes up in the polls, *increases spending and bashes* us over the head about defence policy."

There is very little hint on the side of the Opposition parties *of "The fault, dear* Brutus, lies not in our stars . . ."

At the same *time, there* are some quite solid reasons why the Tories should win in their own right, most of which were apparent before the summer. They include the following:

● The size of the victory in the last general election. The Tories can afford to lose a lot of seats and still win.

● The Opposition parties are still fighting against each other as much as against the Government.

● Both Labour and the Alliance have made a mess of defence policy which Mrs Thatcher is understandably exploiting.

● Neither of them has succeeded in concentrating its fire on areas where the Tories are most vulnerable: for instance, unemployment.

● *Even if unemployment is* unacceptably high, there are still far more people in work than out of work and the level of wage settlements has been running at close to 8 per cent against an inflation rate of around 3 per cent. The consumer boom is there for all to see, and for many to enjoy.

That may not be an ideal world, but it is the country as it is. It points to another Tory victory.

The question then arises of what happens next. What are the political and constitutional consequences of 13 (perhaps more) years of Mrs Thatcher? *And might it not be better to* start thinking about them now rather than after the election?

One possibility, of course, is that it all goes swimmingly. Mrs Thatcher wins, unemployment comes down and Britain turns into the kind of entrepreneurial, property-owning, share-holding democracy that she has dreamed of. But there are others.

● Mr Neil Kinnock is a one-time runner. If he succeeded in reducing the Tory majority so drastically that there was bound to be another election in the near future, he might stay on. It would be like the Tories almost overtaking Labour in the General Election of 1950, than doing it in 1951. *But if Labour loses badly, the* trouble in the party breaks out again.

After all, its present unity is based largely on the hope that Mr Kinnock can win. It is unlikely to stand up to the strain of defeat. Some of the *unions will begin* to distance themselves from party politics altogether. That seemed, incidentally, to be the implicit message of Mr Gavin Laird, the general secretary of the engineering union, in his speech to the conference of the *Confederation of British Industry* in Bournemouth this week: the modern unions are more interested in business and in competing for members than in party politics.

● The Alliance does badly on the whole, but within the Alliance the Liberals do better than their Social Democratic partner. Mr David Steel, the Liberal leader who has been pursuing the politics of realignment ever since he was a disciple of Lord Grimond, contemplates giving up, as indeed *he already did in 1983. Dr David* Owen, the SDP leader, finds himself a general without much of a party. He, too, thinks about quitting. The Left wing of the Liberals want an alliance with the Labour Party.

● Meanwhile there are problems in the Tory Party as well. Some of the old Tory wets and grandees are now in the House *of Lords: Lord Pym, Lord Prior*, Lord Rippon, Lord Carlisle, Lord St John-Stevas, to name but a few. It would be very hard on past precedent for Mrs Thatcher to deny them (or at least all of them) their elevation. And yet there they might *sit with the House of Lords as* the only effective parliamentary opposition to Mrs Thatcher's Conservative Party. It would be an extreme irony if the Left in this country were to find more natural sympathy with the Lords than the Commons.

Two *conclusions: the reform* of the House of Lords ought to come back onto the political agenda; otherwise it will be an unelected body with more power than it deserves. And Labour and the Alliance ought to begin talking to each other soon.

Lombard

What history can teach managers

By Geoffrey Owen

EXPLANATIONS OF Britain's industrial performance which rest on the decline of Victorian values or the prevalence of an anti-industrial culture have become tedious to the point of irritation. They are also unhelp*ful; they imply that the coun*try's weaknesses are so deep-seated that nothing much can be done about them, except over a period of many decades. Thus it was refreshing this week to hear a leading business historian, Professor D. C. Coleman, *argue against the conventional* wisdom and suggest a more constructive way of looking at the past. His argument, in a lecture at the London School of Economics, is that by focusing on real people taking real decisions — primarily managers of business enterprises — we may be able to learn how to make better decisions in the future.

In Coleman's view, *nostalgia* for the values associated with the industrial revolution is quite misplaced. The problem rather is that the habits and attitudes which came to the fore at that time, including undue reverence for the prac*tical man* and a *deep suspicion* of science, have persisted for too long. Coleman refers to a letter written *in 1784* by Joseph Black, the chemist, to James Watt in which he described Henry Cort, the inventor of the puddling process for making wrought iron: "He is a plain Englishman without science but by the dint of natural ingenuity and a turn *for* experiment has made such a discovery in the art of making tough iron as will undoubtedly give to this island a monopoly of that business."

Coleman remarks that the whole of the technical side of the industrial revolution is summed up in that comment. In the 1920s the economist J. A. Hobson referred to the "comparative intellectual ease with which the fabric of British capitalism has been *built up." The correctness of* that view, Coleman says, is supported by the numerous complaints, from the 1880s to the 1980s, about the British business community's inadequate attention to scientific research, the poverty of British technical and scientific education and the social disregard for engineering and technology.

Coleman has no time for the widely accepted notion that something called "the industrial spirit" began to *decline after* about 1850. People believe these ideas, he thinks, because *they* provide comforting excuses. The truth is not that the "industrial spirit" faded away after the high noon of the Victorian era, but that Victorian *habits of thought* about such matters as the organisation of the firm, capital-*labour relations*, marketing and technical innovation continued well into the 20th century long after they had ceased to be appropriate.

The title of Coleman's lecture was "The uses and abuses of business history," and one of *his concerns* was to steer into useful directions the growing interest on the part of British companies in commissioning histories about themselves. Some excellent books of this kind have been written in recent years, but business historians have been reluctant to *draw* conclusions from their work. Coleman suggests more research, commissioned by companies, into issues that are relevant to today's problems. He wants managers to see business history "as potentially useful in the sense of revealing something about a company's past decisions which *can have value in influencing* present and future decisions."

Why have Britain's pharmaceutical companies performed rather well in the post-war *period and the machine tool* makers have not? A sharper historical focus on the people who ran these companies (and ran some of them into the ground) might yield conclusions of more than academic interest. Making business history rele*vant in this way will put greater* demands on those who commission and write it. But the results *could* be a good deal more interesting than blaming Britain's industrial ills on Dr Arnold and the public school system.

Letters to the Editor

A liberalised market

From Joan Pearce

Sir,—Olivier Pastre's article (November 5) about *liberalisation* of the European Com*munity's* internal market in financial services smacks of the Europrotectionism for manufactured goods that was so vigorously promoted in some parts of the EEC a few years ago.

Then it was argued that the advantages of a liberalised internal market might accrue *to US* and *Japanese companies* rather than to European companies, which were not competitive. Hence European companies should be afforded external protection to ensure that, while they were catching up, their competitors did not reap the benefits of a newly opened internal market. Olivier Pastre similarly suggests that "Community preference" should be modernised and adapted to the financial services sector. "European operators *should* be favoured," though he does not explain how. Presumably the freedom to provide services would be confined to *institutions* from EEC member states.

Europrotectionism for manufactured goods was particularly advocated in those countries with a relatively high level of protection. They feared that opening up the internal market would expose them to competition from imports that entered the Community through other member states whose external trade policies were more open. Olivier Pastre echoes these fears in his reference to the "risk" that American and Japanese banks, by setting up *in the least* regulated member state, would have access to the entire market. This implies that the price of *internal* liberalisation will be increased regulation of non-EC banks in those member states where regulation is at present least restrictive.

The article might be interpreted as *applying* infant-industry arguments to financial services. Even on infant-industry grounds the case for Europrotectionism in manufactured goods is extremely weak. Without infant-industry arguments, there is still less reason to expect that a protectionist wall around the Community would make *European* companies more competitive.

In the context of financial services, the case against Europrotectionism is all the stronger, since, at least in the UK, Europe has institutions which are well placed *to compete* at the world level. While energetically supporting the liberalisation of the internal market we should beware of arguments that misguidedly *seek* to protect some national markets, to the detriment of the rest of Europe, and the UK in particular.

Joan Pearce,
27 Archery Steps,
St George's Fields, W2.

Supplementary benefits

From the Minister of State for Social Security and the Disabled

Sir,—Robin Pauley's article on poverty (November 5) contains a number of misconceptions that cannot remain unchallenged. Let me take the most glaring example.

It is wholly misleading to talk of an "official poverty line." That is because the higher the real level of supplementary benefit, the greater the number *of people* who are entitled to it and the greater the number of people who have incomes within *140 per cent of it*. Since 1979 supplementary benefit rates have risen around 6 per cent ahead of prices. This alone is responsible for a third of the increase in the total numbers of families either entitled to supplementary benefit or with incomes up to 40 per cent above supplementary benefit. But it explains almost all of the increase in those with incomes below *supplementary* benefit, and around half of the increase in the numbers either on supplementary benefit or with incomes below. This kind of odd statistical effect — the more you do to raise the incomes of the poor, the more apparent "poverty" exists — illustrates well the pit-falls in this complex area.

The article ignores *major* improvements which the reform of social security will bring from 1988. The new structure will target benefits much more accurately on where *they* are needed, particularly on families *with* children. Around twice as many families with children will get Family Credit as get the present *Family Income* Supplement. Unemployed families with *children* will benefit from the Family Premium which will be paid with Income Support. And the *unemployment and poverty* traps, where people can actually be worse off in work than out of it or by increasing their earnings, will be substantially eased.

The social security budget *will be heading* towards £50bn at the end of this decade. The Government is acting now to ensure that the *money goes* to the people who need it most.

The article depends on other inaccuracies for its argument. Food prices have not risen faster *than the* RPI. They have risen only two-thirds as fast since 1979. Neither has the *Pensioner's Price Index* risen faster than the RPI. It has gone up about 7 per cent less in the same period. The article does acknowledge that the state retirement pension has gone up more than prices. But it totally ignores the *expansion in other pensions.* As income from these has grown, fewer pensioners have needed to rely on Supplementary Pensions. The introduction of personal pensions, a central part of the Government's reform of social *security, is fundamental to* the strategy of improving pension provision and combatting poverty in retirement.

All these are important matters that require mature and accurate consideration in any analysis of relative *poverty.*

John Major,
Alexander Fleming House,
Elephant and Castle, SE1.

Defining poverty

From the Director,
Child Poverty Action Group

Sir,—Paul Ashton (November 11) accuses Robin Pauley of doing a "disservice to the genuinely poor by repeating uncritically the poverty lobby's propaganda and by turning a blind eye to some of its more ridiculous claims." On the contrary, *it is Mr Ashton that does* a disservice to the poor and also to his own case by deliberately distorting the case made by organisations such as CPAG and the Low Pay Unit.

Mr Ashton's main complaint is that, using the "arbitrary" yardstick of *140* per cent of *the* supplementary benefit level, we claim that a third of the nation is in "poverty." We do no such thing and Mr Ashton knows it. *We use the 140 per cent yard*stick to refer to those living "in poverty or on its margins." Nor, is it some arbitrary figure plucked out of the air by the *poverty lobby*. It was originally adopted by researchers two decades ago to take account of the fact that some people on supplementary benefit have an income higher than the basic supplementary benefit level because of disregarded earnings and additions to their benefit. More recently, research into living standards has suggested that a threshold of deprivation can be identified somewhere between 133 per cent and 150 per cent of the supplementary benefit level. Moreover, the DHSS itself uses the 140 per cent measure to count the numbers living on a "low income."

The example quoted by Mr Ashton of the couple with a £25,000 mortgage is hardly typical of those who fall within the *low income net*. If we ignore housing costs (which are too variable to generalise about sensibly) the 140 per cent of SB level yardstick for a couple with two young children is currently £99.40 a week.

Mr Ashton also takes Robin *Pauley to task for misattribut*ing the research of the Policy Studies Institute and for exaggerating its results. *In doing so*, he fails to notice that the figures quoted by Mr Pauley referred only to couples with children and were entirely accurate. Indeed, without realising it Mr Ashton is reinforcing the case that CPAG has been *making* for years that *among* those on supplementary benefit it is families with children who are suffering the greatest hardship.

Ruth Lister,
1, Macklin Street, WC2.

The position on tin

From Mr B. Leeming.

Sir,—Is nobody going to put the record straight about the London Metal Exchange's actions in 1982 in connection with the notorious tin squeeze? New *insinuations of bad faith emanating* yet again from the Malaysian Government (November 12) are inaccurate.

Dr Mahathir Mohamad, the Prime Minister, had only to read the LME's uncomplicated rule book to know full well that *market corners* are specifically proscribed. The regulations empower the board and committee to act *in any way necessary, for* the long term good of the exchange, to limit squeeze penalties and to restore physical liquidity to the market. The Malaysians must have known that these provisions had already been invoked in the case of other *metals* on more than one occasion since the war.

If the Malaysians were misled into believing they could defy the laws of gravity, that is *global* tin output could be steadily forced higher as well as tin prices, then they have only themselves to blame for the inevitable severe losses they incurred.

The four-year denial by the Malaysian Government of any involvement in the tin squeeze, now belatedly reversed only *under extreme opposition* pressure, never mind its more recent disgraceful behaviour in the 1985 tin crisis, has surely discredited it as a legitimate source of criticisms of the LME, particularly if these are based on a misinterpretation of the role of the exchange which it sought to abuse.

Bruce Leeming,
Solars,
Chiddingfold, Surrey.

FINANCIAL TIMES
Friday November 14 1986

David Housego analyses the apparent invincibility of the French Prime Minister

Chirac holds head high under fire

A GOVERNMENT with its back to the wall might have had difficulty in riding out the humiliations and contortions of policy to which the conservative administration of Mr Jacques Chirac has been subjected over the past week.

But the brazenness with which the French Prime Minister has held his head high is a testimony to the extraordinary grip he has established over his political opponents and French public opinion in his eight months in power.

Over the last few days Mr Chirac has secured the release of two French hostages held in Lebanon at the price of according French public blessing to a Syrian regime caught red-handed in its support of international terrorism: he has defied other European governments over sanctions notwithstanding his advocacy of greater European co-operation: he has been revealed as having lied about what he said in an off-the-record interview to the Washington Times newspaper: and on Wednesday he treated the French parliament with carefree disdain in denying what he had affirmed only a few days earlier.

Mr Chirac said then that he had "evidently never suspected that the state of Israel was in any way connected with any type of terrorist action in Europe" and that he had told the Israeli ambassador as much.

To the Washington Times only a week earlier he had said that he largely shared the belief of West German leaders (as he reported them) that the planned attack on the El Al airliner in London had been a provocative action by Mossad, the Israeli Secret Service.

Some French newspapers have raised their voice against Mr Chirac's approach. *Le Monde said in a* front page editorial: "It is difficult for a Frenchman not to feel profoundly humiliated (by the circumstances in which the hostages were released) particularly when one remembers the toughness of so many official statements." Liberation spoke of a "succession of denials that have naturally denied what was true."

But otherwise Mr Chirac has escaped lightly, with no major attacks from the Socialist Party. Mr Claude Cheysson, the former Socialist foreign minister, even approved his description of French Middle East policy – and an embarrassed silence is all that has come from his coalition partners, the UDF.

In part this virtual absence of criticism is because French public opinion, as Mr Chirac knows, wants an end to kidnapping and terrorist attacks. People are thus ready for Mr Chirac's blend of tough talking on the one hand and negotiations under the table on the other. Some commentators speak of a "spirit of Munich" in the air. The conservative daily Le Figaro said the hostages had been released under blackmail but that the government did not have the means to act otherwise.

The only real resistance to Mr Chirac's steamroller – though not as yet to his recent declarations – has come from President François Mitterrand. On Wednesday be sharply distanced himself from Mr Chirac over three issues, including the new nationality law. Earlier in the week in an interview he staked out his supremacy over the Prime Minister in matters of defence and foreign affairs and has also recently made clear his opposition to Mr Chirac over social security policy, research and decentralisation.

All this this looks like preparing the ground for the next Presidential election in 1988.

Mr Mitterrand (left) with Mr Chirac

But it does not stop President Mitterrand from being both irritated and surprised at the extent to which Mr Chirac has succeeded in making himself the most powerful Prime Minister in the history of the Fifth Republic – notwithstanding a "cohabitation" that was intended to limit his powers.

At the root of Mr Chirac's strength is the rightward shift in the French political attitude. Opinion polls continue to suggest that President Mitterrand can no longer risk an early Presidential election, a fact which stands Mr Chirac in good stead in the run-up to 1988.

Mr Chirac has also been able to tip the scales of power between the *office of the Prime Minister and* that of the President in his favour. Mr Mitterrand is virtually isolated from government thinking and information over domestic policy issues, including economic policy and *budget making, which in turn also* limits his influence over foreign policy, European issues and defence.

Until recently Mr Chirac was chipping away at the President's prerogative in defence and foreign policy as well. But Mr Mitterrand held his ground over maintaining presidential control over the use of tactical nuclear weapons and over the priorities to be given to the reinforcement of the French strategic arsenal – with Mr Chirac stepping down without losing too much face.

Within the French right, Mr Chirac has outmanoeuvred his two main rivals, Mr Raymond Barre and former President Valery Giscard d'Estaing. Mr Barre is still condemned to silence by his criticism of a "cohabitation" that most French approve. The former President was kept out of Mr Chirac's government and has not recovered his influence.

Mr Chirac has been as brutal in reducing his coalition partner the *UDF to a state of near dependency.*

The party is dependent on Mr Chirac's patronage. The new electoral law has been astutely devised to weaken the UDF in comparison with his own neo-Gaullist RPR party in a new assembly.

At the same time, *Mr Chirac has* relentlessly placed his own followers in the key posts in the administration. Le Monde revealed recently that Mr Chirac has replaced 69 of the top 500 civil servants – a higher turnover than the Socialists achieved in their first six months in power.

On top of these advantages, he has an economy running more or less in his favour with higher growth than in recent years and lower inflation. The Socialists can see no way to challenge him on this front unless a tumble in stock market prices upsets the privatisation programme or the franc is devalued in the face of the D-Mark pressure.

In contrast, the Socialists have still to find their own voice and are hamstrung in defining their policy by not knowing who their Presidential candidate will be.

Although *the tide is currently* running in Mr Chirac's favour, he remains unpredictable. His declarations this week have reminded observers of the impetuousness which has so often brought him political trouble in the past.

It is against the day that he slips and falls that Mr Mitterrand lies in wait. Mr Chirac knows that the *President could still spring* an unpleasant surprise.

European short-list for £50m Ford plant

By John Griffiths in London

SCOTLAND, Spain and Portugal are on a short list as potential sites for a £50m ($71m) plant planned by Ford to produce electronic components.

Jobs for about 500 are expected to be provided by the greenfield facility.

The project is being undertaken by EED, the electrical and electronics division of Ford of the US.

Although *EED has* a European headquarters in England, at Basildon, Essex, it has no formal links with either Ford UK or Ford of Europe.

Basildon has been instrumental in developing electrical and electronic components for Ford in Europe, such as its own stereo-cassettes which have replaced those from *suppliers such as Phillips and* Blaupunkt. To date, it has had no significant manufacturing role.

EED's project study team has just returned to the US after some months spent examining potential sites throughout the world.

However, Ford indicated yesterday that it was highly unlikely that a final site decision will be taken this year.

No indication has been given of where in Scotland or Portugal a *plant might be sited. Ford Espana* representatives indicated that if Spain were chosen, the most likely site would be just outside Madrid.

It is understood that the plant would be used primarily to produce electronic components needed for Ford's engine management systems, almost certainly involving substantial export business to *Ford's vehicle plants world-wide.*

Should the plant be located in Scotland, it would be additional to the £1.46bn which Mr Derek Barron, chairman and chief executive of Ford of Britain, said last month would be invested by Ford in the UK over the next five years.

US moves to head off European rivals in AT&T bid for CGCT

BY TERRY DODSWORTH IN LONDON

THE international trade battle over the future of CGCT, the second largest supplier to France's public telephone exchange market, intensified yesterday following moves in Washington aimed at supporting the bid by AT&T of the US for the French group.

AT&T, the largest manufacturer of telephone switch equipment in the world, bid for CGCT in collaboration with Philips of Holland earlier this year. But although the Ameri*can authorities claim that the deal* was virtually completed, the transaction has been held up by rival European offers for CGCT, notably from Siemens of West Germany.

In a new initiative apparently directed at Siemens, Mr Mark Fowler, the chairman of the Federal Communications Commission (FCC), is now proposing to introduce a rule which would allow the Commission to bar American telephone companies from buying West *German or other foreign switching* equipment. If this suggestion were accepted, it could strike directly at Siemens, which is steadily expanding its position in the American market, and is on the verge of gaining several public switch orders from the telephone operating companies.

The FCC said yesterday that the proposed rule, which will have to go through a two month public discussion procedure, would allow the Commission to take into account *questions of national security in the* choice of equipment for the American telephone network.

Part of the FCC's mandate as a regulatory authority is to look into questions of the public interest in its areas of responsibility. But the main issue in the FCC's action is the feeling of the US Government that, while the American market is relatively free and open to foreign competition, the European authorities are trying to block AT&T's expansion in the *EEC.*

Siemens in West Germany refused to comment yesterday on the *FCC's proposal, saying that it* was a political matter. But the FCC's initiative is bound to increase strain in relations over the CGCT issue which already exists between the US, West Germany and France. Previously, the US authorities have called in the French and West German ambassadors for discussion of the problem.

In a separate statement yester*day, Plessey of the UK, which has* also made an offer for CGCT, said that it was willing to propose collaboration with French companies in areas other than telecommunications as part of its bid.

Sir John Clark, Plessey's chairman, said that the company was examining its activities to see which might be suitable for joint develop*ment with French companies. It* believed it had expertise in areas like components, semiconductors and radar which could prove useful to French companies in joint ventures.

Plessey has already made a number of presentations of System X, the UK's most up-to-date public *telephone switch, to the French authorities since declaring its interest* in CGCT. It has also had talks with officials in the French Minstry of Finance.

Fiat faces compensation claim

BY ALAN FRIEDMAN IN MILAN

*FIAT has been told that the hoped-*for merger of its Telettra telecommunications equipment subsidiary with Italtel, the Italian state-owned telecommunications company, is likely to cost it a substantial sum.

The car group could be asked to pay up *to L300bn ($214m) to the* IRI state holding group because a feasibility study now being completed is expected to value Italtel at a level significantly above that of the Fiat subsidiary.

The question of how much Fiat will be expected to pay will be at the centre of the negotiations. The payment could take the form of an injection of capital into the newly merged group.

Italtel, which is part of the IRI-Stet state group, has undergone a major turnround since 1981 under *the leadership of Mrs Marisa Belli*sario, managing director. Staff has been reduced – by 10,000 to 18,840 – as have debts, and the company has returned to profitability after years of losses. Last year Italtel made a L42.1bn ($30m) profit on turnover of *L1,228bn.* The company made almost as much in the first six months of this year.

Telettra, which employs 4,715 people, made a L20bn profit last year on revenues of L497bn. Italtel draws the bulk of its turnover from switching. Telettra is one of Europe's leading producers of digital transmission equipment. Italtel exports account for only 7 per cent of its total turnover, while Telettra exports half its output.

The Italtel-Telettra merger could *become a contentious political and* financial issue in Italy. The evaluation of the project being conducted by auditors Arthur Andersen and Price Waterhouse is expected to be completed before the end of this month.

The *feasibility study, which has* been underway for most of this year, is being co-ordinated by a company called Telit, which is 48 per cent controlled by the state, 48 per cent by Fiat and 4 per cent by Mediobanca, the Milan merchant bank. The merged telecommunications group, which would be based on the premise that combining the country's two major manufacturers would rationalise the sector and enable Italy to be more competitive internationally, could have the same shareholding structure as Telit.

Britain to pay £1bn for Rapier system

By David Buchan in London

THE UK Government yesterday announced a £1bn ($1.42bn) order for the British Aerospace (BAe) Rapier 2000 system to provide a sophisticated, mobile air defence against an increasing threat of low-level manned and pilotless aircraft and of cruise missiles into the next century.

The contract covers completion of development – on which £150m has been spent so far – and initial pro*duction of Rapier 2000 missiles,* which will come into service with the British army and air force in West Germany in the early 1990s.

The new system could win domestic and export orders worth £3bn and maintain 10,000 UK jobs for the next 20 years, Sir Raymond Lygo, BAe's managing director, forecast yesterday. It is a develop*ment of BAe's current Rapier sys*tem which in the past 12 years has entered service in 13 countries.

Sir Raymond said he believed that many of Rapier's existing foreign customers would take all or parts of the new system which comprises separate towed surveillance and tracking radars and the missile launcher.

Major subcontracts will go Marconi, Thorn EMI, Cossor Electronics, Ferranti, Racal, Radamec, Royal Ordnance, and to Plessey which yesterday announced that its share of the contract in providing the surveillance and target acquisition rad*ar would be worth £75m.*

The contract has been placed with BAe under "an incentive pricing arrangement," Lord Trefgarne, Minister for Defence Procurement, said yesterday. This comprised a maximum ceiling price over which BAe would pay all of any cost overrun. Below this, a target price had been set. If the project overran the target, BAe would shoulder a rising share of the cost and if it fell below the company could make an increased profit.

Such incentive-based arrangements have become the UK Defence Ministry's standard form of contract covering development with an inherent element of risk

However, Gen Sir Richard Vincent, Master General of the Ordnance and the ministry's chief buyer of land weapons systems, said that while BAe would remain prime *contractor for the overall Rapier* 2000 system, it would face competition from other companies in the production of a second batch of missiles.

Any successor system to Rapier 2000 would almost certainly have to be developed in collaboration with Nato partners, Gen Vincent said. Both he and Sir Raymond stressed that collaboration on the new air defence system for the 1990s had not been possible because various Nato countries were all at different stages in developing what the BAe managing director termed "their own Mickey Mouse systems which don't sell abroad."

Collier threatens

Continued from Page 1

poses or to tip off Morgan's market makers, who were under his control, so that they could build up a position in AE shares in advance of the bid. He thus had to keep a strict separation of his two functions.

Two weeks ago, Mr Collier bought a large tranche of AE shares, worth about £117,000 ($166,000), through a US office of Scrimgeour Vickers, the firm formed by a merger involving Vickers da Costa. On the following Monday morning, Hollis bid for AE and its shares rose by 31p, giving Mr Collier a paper profit of more than £15,000.

Some of the employees of Scrimgeour had their suspicions aroused by the timing of the share purchase by a company with the same name *as that set up by Mr Collier when* he worked at Vickers. Further investigations pointed to Mr Collier and last Thursday morning the firm informed Mr George Law, the chief compliance officer at Morgan, of their suspicions.

Three other Morgan directors were informed and Mr Collier was called in. He admitted his offence *almost immediately and was asked* to put his confession in writing. He handed in his confession and offered his resignation on Friday morning, apparently without taking legal advice. His resignation was only accepted on Monday when the announcement was made.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	17	63	Dubrovnik	S	18	64	Malta	T	16	61	Rhodes	S	19	66
Algiers	S	22	72	Edinburgh	F	12	54	Manchester	R	13	55	Rio de J'o	–	20	68
Amsterdam	S	13	55	Faro	C	17	63	Manila	–	–	–	Rome	S	18	64
Athens	S	17	63	Florence	S	18	88	Melbourne	F	17	63	Salzburg	–	–	–
Bahrain	S	25	77	Frankfurt	S	11	52	Mexico City	–	–	–	San Francisco	–	–	–
Bangkok	–	–	–	Funchal	F	21	70	Miami	–	–	–	Seoul	C	12	54
Barcelona	C	19	66	Geneva	Fg	5	41	Milan	C	9	48	Singapore	F	29	84
Beirut	–	–	–	Gibraltar	C	18	64	Montreal	F	-3	27	Stockholm	F	2	36
Belfast	C	10	50	Glasgow	C	12	54	Moscow	C	0	32	Strasbourg	S	11	52
Belgrade	S	7	45	Guernsey	R	12	54	Munich	S	10	58	Sydney	R	16	61
Berlin	C	7	45	Helsinki	S	2	36	Nairobi	F	21	70	Taipei	–	–	–
Biarritz	C	17	63	H. Kong	–	–	–	Naples	C	16	61	Tangier	F	18	64
Bombay	S	29	84	Innsbruck	–	–	–	Nassau	–	–	–	Tel Aviv	S	19	66
Bordeaux	C	13	55	Inverness	F	13	55	New Delhi	S	26	79	Tenerife	C	22	72
Brussels	S	16	61	Islamabad	–	–	–	New York	S	5	41	Tokyo	C	14	57
Budapest	S	9	48	Istanbul	S	12	54	Nice	C	13	55	Toronto	F	-8	18
B. Aires	–	27	81	Jakarta	–	–	–	Nicosia	–	–	–	Tunis	F	19	66
Cairo	F	21	70	Jersey	S	12	54	Oporto	F	15	59	Valencia	F	16	61
Cape Town	S	21	70	Jo'burg	F	24	75	Oslo	R	2	36	Venice	C	10	50
Caracas	–	–	–	Lima	–	20	68	Paris	S	17	63	Vienna	Fg	3	37
Casablanca	F	21	70	Lisbon	C	15	59	Peking	–	–	–	Warsaw	S	5	41
Chicago	C	-7	19	London	C	14	57	Prague	Fg	3	37	Washington	F	7	45
Cologne	S	14	57	Los Angeles	S	13	55	Reykjavik	F	3	37	Zurich	Fg	3	37
Copenhagen	S	8	46	Luxembourg	C	12	54								
Corfu	S	19	66	Madrid	–	–	–								
Dallas	–	–	–	Majorca	F	20	68								
Dublin	C	11	52	Malaga	C	17	63								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

Royal's seven year itch

Many fund managers can barely remember when Royal Insurance last made a quarterly underwriting profit – it was in 1979. Even the champagne winner in the nearest-estimate contest of Royal's nine month figures was more than £20m under the £193.1m pre-tax outcome. *When a company is recovering* as fast as Royal, from pre-tax of £414m in 1985 to perhaps as high as £300m this year, exact figures are rather irrelevant.

The perennial problem is how to value the shares when profits are so volatile and cyclical. Judging by the sector's performance, the market decided in the summer that it was time to start discounting the next downturn. Even yesterday's news, which pushed Royal's shares up 30p to 828p, still leaves them well below the year's relative high.

But the message from Royal is that with rates still firming, by well over 30 per cent in the US commercial multi-peril and auto lines, and given the lags in the business, profits should still be rising in 1988. Whether or not the next downturn is as severe as the last, Royal's plan to cushion its rating from the ups and downs is to keep dividend growth above 15 per cent a year for the next five years. Starting on a yield premium to the market, that cannot be bad. With estimates of true worth nearly double the share price, the shares might still be worth having even at this stage of the cycle.

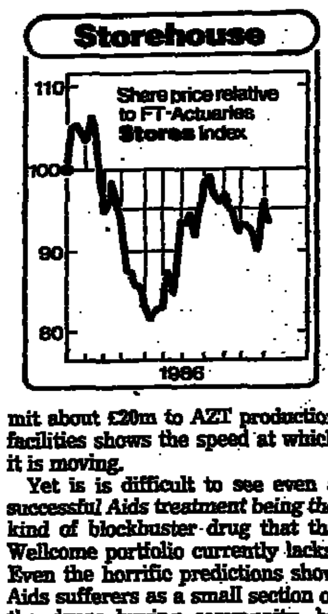
Wellcome

No matter how often the London market attempts to push the inflated Wellcome share price under the water it keeps on bobbing back up again. Yesterday it gained 9p to 203½p.

Wellcome's premium rating – about 60 per cent higher than Glaxo's – cannot be attributed to its broad product range: that is an argument about continuity, not rapid growth. Given that two thirds of profits are dollar denominated the company did well to be able to announce a 3 per cent profits increase yesterday. Yet operating margins of 13 per cent are low by US standards, let alone compared with Glaxo's 43 per cent.

No, the premium is all about AZT, the potential treatment – not cure – for Aids. Wellcome has been desperately trying to downplay the issue, but Wednesday's decision to commit about £20m to AZT production facilities shows the speed at which it is moving.

Yet is is difficult to see even a successful Aids treatment being the kind of blockbuster drug that the Wellcome portfolio currently lacks. Even the horrific predictions show Aids sufferers as a small section of the drugs buying community, by comparison to those with, say, stomach ulcers. The issue puts into sharp relief the moral and commercial dilemma of a company which is 75 per cent owned by a charitable foundation.



Plessey

Plessey made a brave attempt yesterday to direct attention into lesser-known corners of its business, but it was not to be: the market continues to chew on those old chestnuts, System X and Stromberg-Carlson, and is as doubtful as ever.

Yesterday's second-quarter figures, showing pre-tax profits up 42 per cent at £44m, were all that could be expected and the order book, and Plessey's cash balances, are moving in the right direction after last year's pile-up on British Telecom switch deliveries.

But the bears still have it: yesterday's 9p drop in the share price (to 180p) and a prospective multiple of 11 suggest the market fears that Plessey is merely establishing a new profits plateau at or around £200m, rather than the £170m of the last three years.

For all the dubious prospect of selling System X in France, Plessey is faced with declining sales of the equipment in the UK by value. Plessey will need not only to engineer down its costs, with or without GEC, but meet BT's development demands when prices are falling and shareholders are baying for earnings and dividend growth.

Stromberg may have turned into profit, but the notion that a bundle of switches in Mississippi will even*tually turn into a national niche* is for only the most optimistic investors.

Storehouse

Disappointment with the first half results of Storehouse, and the shares' 14p drop to 310p, had little to do with the actual profit announced. Though £37m before tax for the whole group is in the expected range, the market feels uneasy at making comparisons with a previous year when the present company did not yet exist. Moreover, the makeup of the Storehouse profit is a somewhat surprising one: as the weight of expanded warehouse facilities and retail space compressed the Habitat margins, BHS was able to turn its food space over to more profitable uses, and show the full benefit under cover of the mid-year provision.

If the new BHS formula shows better than average trading over Christmas, the shares may start to narrow their discount to the sector. Otherwise, there may be a nervous period while the market decides whether Storehouse has reverted to the old BHS credibility gap or should inherit the former Conran premium.

Turner/AE

The return of Turner & Newall is an event on which shareholders in AE – surely arbitrageurs to a man by now – have been counting for their final exit. But the offer which has emerged exceeds the agreed offer from Hollis by so small a margin that holders will have difficulty in making up their minds which one to accept. Nominally worth about 10p more than the cash offered by Hollis, T&N's mix-and-match offer remains vulnerable to the market's valuation of its share component. Deciding not to underpin the offer by underwriting a full cash alternative may have saved on fees, and partly protected the T&N price against bidder's droop, but it could also prove to be the last misjudgment of the whole affair. T&N paper may be preferable to Hollis paper in the market's eyes, but it is not without its long term risks – Africa and asbestos. Cash may be the decisive argument in the end.

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
Friday November 14 1986

Sweden plans to widen SSAB steel group ownership

BY SARA WEBB IN STOCKHOLM

THE SWEDISH Government yesterday announced plans to broaden the ownership of SSAB, the state-controlled commercial steel group, with the aim of eventually introducing it on the stock market.

The Government owns 75 per cent of SSAB, while Electrolux, the Swedish household appliance manufacturer, owns 25 per cent through its subsidiary, Gränges.

Electrolux has agreed to sell its stake in SSAB for SKr 600m ($88m) to the government, which in turn plans to sell 34 per cent of SSAB to a consortium of Swedish institutions, including pension funds and the insurance group, Skandia.

LKAB, the Swedish state-owned iron ore mining group, is also likely to take a stake in SSAB, its main customer, at a later stage. It has offered to make a convertible loan to SSAB worth SKr 700m, which would entitle LKAB to take a stake of around 22 per cent in SSAB by the beginning of the 1990s.

The Government has been accused in the past of subsidising the domestic steel industry, and the latest plan from the Industry Department is seen as an attempt to defuse such charges.

Electrolux, which had held a stake in SSAB since its formation in 1987, originally had an option to sell this stake in 1991 for a guaranteed price of SKr 875m.

However, Mr Olle Ryd, state secretary in the Industry Department with responsibility for state-owned concerns, said that this guarantee was unrealistic, given the situation in the steel market.

"We had no objection to Gränges, but we want an ownership structure where the different owners are equal and have the same risks and opportunities," he said.

The Government is still in the process of negotiating with a number of Swedish institutions which are interested in joining a consortium to buy 34 per cent of SSAB.

The insurance group, Skandia, the Fourth National Pension Fund, and SPP, the white collar workers' private pension fund, have agreed to join a consortium. However, the Government is not disclosing who else it is negotiating with or for how much it would sell its stake.

Members of the consortium would not be tied to their holdings for a fixed period of time. However, Mr Sten Wikander, director of the Fourth National Pension Fund, said that he would regard SSAB as a long-term investment for the fund's portfolio.

Mr Ryd said that the government hoped to take SSAB to the market in future, but added that no date had been fixed.

SSAB has picked up considerably since the beginning of the 1980s. Last year, profits after financial items reached SKr 205m. This year, profits are expected to be between SKr 300-Skr 350m.

However, the Department of Industry said there was still room for improvement in the company and announced plans for a board shake-up.

Mr Per Sköld, the SSAB chairman who resigned on Tuesday on the grounds that he had not been kept well enough informed by the Industry Department of the impending changes, has been replaced by Mr Björn Wahlström, former chairman of LKAB.

Other new board members include: Mr Anders Carlberg, managing director of Nobel Industries; Mr Per-Olof Eriksson, managing director of Sandvik, Mr Tony Hagström, director in the Swedish telecommunication administration; Mr Sven-Ake Johansson, managing director of ABV; Mr Allan Larsson, director of the Labour Market Board; Mr Hans Christer Olson from the Department of Industry, and Mr Christer Zetterberg, managing director of Holmen.

Pharmacia upgrades profits forecast

By Kevin Done, Nordic Correspondent in Stockholm

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, increased its profits by 34 per cent in the third quarter and yesterday up-graded its profits forecast for the full year.

Both sales and profits have picked up more strongly than expected in the second half of the year and Pharmacia said yesterday that it expected to exceed its earlier forecast of a 5 to 10 per cent increase in sales and a somewhat faster growth in earnings.

Group turnover in the third quarter rose 9 per cent to SKr 875m ($126m), while profits (after financial items) rose 34 per cent to SKr 195m from SKr 145m a year earlier.

Sales in the first nine months rose 5 per cent to SKr 2.64bn, with an increase of 4 per cent in the first two quarters and 9 per cent in the third quarter.

Profits (after financial items) in the first nine months rose 21 per cent to SKr 622m, and earnings have been protected from the fall in the value of the dollar – which has slowed sales growth – by successful currency hedging.

The fastest sales growth was achieved in France and the UK, where turnover has risen by more than 20 per cent measured in local currencies, while of the four main business areas, biotechnology has shown the fastest growth with a rise of 10 per cent.

Sales rose particularly strongly to the industrial sector of separation and purification equipment on both laboratory and process scales.

Pharmacia said that its best-selling product, Healon, a gel used in eye surgery, had performed strongly in all markets and that it had succeeded in winning back lost market shares in the important US market. Healon was introduced into the Japanese market in August.

SANFORD SIGOLOFF TIES IN TWO COMPANIES TO WICKES

Examination time for corporate doctor

BY CHARLES HODGSON IN NEW YORK

MR SANFORD SIGOLOFF'S reputation as a corporate doctor will be tested in the coming months as he tries to graft two newly acquired groups onto his revitalised Wickes Companies.

Within the last week, Wickes, the building products and retail group which emerged from bankruptcy proceedings only in January 1985, has spent nearly $3bn acquiring first Collins & Aikman, a leading textile producer, and Lear Siegler, the aerospace, automotive and industrial group.

The friendly mergers follow two thwarted attempts earlier this year to take over much larger concerns. Wickes's $2.1bn hostile bid for Owens-Corning Fiberglas was rejected in August. Three months earlier, National Gypsum had fought off an unwanted $1.23bn approach from Wickes by adopting a higher valued leveraged buyout plan.

Although some observers have been surprised at the manner in which Wickes moved to acquire Collins & Aikman and Lear Siegler in quick succession, Mr Frank Rolfes, an analyst with Dain Bosworth in Minneapolis, argues that it has to be seen in the light of those previous failures.

"He was not able to come up with one large company to meet his criteria. He saw two smaller ones that did so he moved in," Mr Rolfes said.

Wickes already had finance lined up. It had raised $1.2bn in a private placement in June through Drexel Burnham Lambert to fund its previous takeover attempts. The company also has a new bank credit line and analysts think it likely that the company will go to the market again. But they feel that Wickes would not have moved so fast if it did not have strong assurances that the money could be raised.

Another major factor governing the speed with which Wickes moved to acquire the two companies is the impact of recently approved US tax reform, which reduces tax benefits on acquisitions agreed after December 31. Wickes has about $425m in tax loss carryforwards and $30m in tax credit, according to analysts.

Mr Sigoloff welcomed both companies as "good fits" with Wickes' existing businesses – timber, home furnishings, clothing, motor vehicle parts, manufacturing and retail.

While analysts see a fair amount of synergy between Wickes and Collins & Aikman, which manufactures textiles for home and industrial use, some are far more sceptical about the combination with Lear Siegler, the products of which range from Smith and Wesson handguns to Piper light aircraft.

The company, based at the same Santa Monica, California, industrial park as Wickes, had been considering a major restructuring before the Wickes move. Its recent results have been hit by heavy product liability claims at its Piper division.

Analysts see the latest acquisitions as strengthening Wickes in that it now has a better mix of interests. The purchases boost the company's revenues to about $8bn and assets to $6.5bn, but they also add some $2bn in debt to its balance sheet. Having built up such substantial debt, Mr Sigoloff will be under heavy pressure to improve the company's capitalisation, either by selling off parts of existing or new businesses or by equity sales.

One of the main challenges he faces will be to find buyers for those businesses. Finding a ready buyer for Piper in particular will not be easy.

Mr Sigoloff joined Wickes in March 1982, barely a month before the company filed for protection from its creditors under Chapter 11 of the US bankruptcy code, owing $2bn.

He had had experience of Chapter 11 proceedings before, having steered Daylin, another retailer, through bankruptcy in the mid-1970s.

Wickes was the second biggest US company to enter Chapter 11 proceedings. Only the railroad division of Penn Central had attempted such a wide-ranging and complex reorganisation and Wickes emerged from the courts in about one third of the time it took the railroad.

Mr Sigoloff has pursued a relentlessly aggressive acquisition policy since Wickes emerged from the bankruptcy court, beginning in June 1985 with the takeover of the consumer and industrial products division of Gulf and Western industries for about $1bn. In May this year, Wickes bought two home improvement store chains from W. R. Grace, the retailer, for an undisclosed amount.

Most analysts now expect the problems of digesting Wickes's latest two acquisitions and the limits on available funding to keep Mr Sigoloff occupied for the time being. Further acquisitions cannot be ruled out, however.

"If he sees something that he likes, I would not be surprised to see him go after it," says Mr Rolfes. "He sounds like that kind of guy."

Lorimar ends $1.85bn TV network challenge

BY WILLIAM HALL IN NEW YORK

LORIMAR-TELEPICTURES, the rapidly expanding TV and film production company whose hit shows include Dallas, has dropped its $1.85b acquisition of seven US TV stations, ending its ambitious challenge to set up a rival to the big three US TV networks.

The California-based group's plans to acquire the TV stations from SCI Holdings and Wometco Broadcasting have been plagued with difficulties since they were announced in May. The scale of the intended borrowings to finance the complex deal and its impact on the group's profitable and fast-growing film production operations had come under fire on Wall Street, and *the group's shares had slipped from* a peak of $33 to a low of $17.

The group has twice renegotiated the deal but has continued to have difficulty agreeing the financial terms. It has announced that it has terminated the acquisition by mutual agreement with the other two parties. The deal had already been cleared by the Federal Communications Commission and Drexel Burnham Lambert had arranged to raise the necessary financing.

Lorimar, which is headed by Mr Merv Adelson, gave no explanation for the collapse of the acquisition of the six former Storer Communications TV stations and a Miami TV station owned by Wometco.

Carter Hawley earnings rise 67%

By Charles Hodgson in New York

CARTER Hawley Hale, the Los Angeles department store group, yesterday reported a 67 per cent rise in net third-quarter earnings to a record $18.4m or 44 cents a share, compared with $9.8m or 12 cents a share in the year-ago period.

Carter Hawley, the sixth largest US store chain, said sales increased by 7 per cent to $989.5m from $927.8m excluding sales at its Holt Renfrew operations which were sold in early April.

Mr Philip Hawley, chairman, attributed the marked improvement to "lower markdowns, better control of expenses and good inventory management."

Novo sales rise despite exchange rate changes

BY HILARY BARNES IN COPENHAGEN

EXCHANGE RATE changes have hit sales and earnings by Novo, the Danish pharmaceuticals and enzymes producer, according to the third-quarter interim statement.

Sales at nine months increased marginally from DKr 3.11bn to DKr 3.13bn ($410m) and third-quarter sales from DKr 986m, to DKr 1.01bn. However, sales measured in the Danish currency would have been about 10 per cent higher if exchange rates during the first nine months of the year had remained unchanged from 1985, said the group.

Pre-tax earnings at nine months were down from DKr 708m last year to DKr 601m and for the third quarter from DKr 222m to DKr 211m, while earnings per share for nine months fell from DKr 19.29 to DKr 15.10.

Exchange rate and interest rate developments in the fourth quarter may make it difficult to reach the same earnings level as in the same quarter of 1985, said the statement.

The board has previously stated that earnings this year are unlikely to match last year's. Enzymes sales for the first nine months increased in volume by 7 per cent but sales value fell by 6 per cent as a result of exchange rate changes. The big market for Nova's enzymes is in the US. Pharmaceutical sales increased by 6 per cent.

TROUBLED BANK HOPES TO RAISE $300M

BankAmerica to sell Schwab

BY WILLIAM HALL IN NEW YORK

BANKAMERICA the troubled US banking group, which is facing an unsolicited $3.4bn takeover bid from First Interstate, is hoping to raise over $300m from the sale of Charles Schwab & Company, its successful discount brokerage business.

Charles Schwab, the biggest discount brokerage firm in the US, with over 1.2m customers, is one of the top assets which the San Francisco-based banking group is planning to sell in order to bolster its capital ratios. Several leading US banks, including Citicorp, and various other organisations interested in expanding in the financial arena, such as Ford Motor Company, are known to have shown interest in acquiring Charles Schwab.

The discount brokerage firm, which was acquired by BankAmerica for $53m in 1983, is one of the bank's most visible success stories in recent years. Under the leadership of the 49-year-old Mr Charles Schwab, who founded the company in 1971, it has grown rapidly and is expected to earn over $25m on revenues of close to $250m in the current year.

Until recently, BankAmerica seemed intent on retaining Charles Schwab along with Seafirst Corporation, the Seattle bank which it rescued a few years ago. However, following the recent top management shake-up at BankAmerica and the return of Mr Tom Clausen, the former head of the World Bank, BankAmerica has changed its position. It intends to retain Seafirst but is seeking offers for Schwab.

Since BankAmerica bought the discount broker four years ago, its revenues have tripled and its customer account base has more than doubled. Last year the company handled security transactions with a market value of over $7bn and the figure is expected to be considerably larger this year, reflecting the strength of the US stock market.

While the rise in US share prices partly explains the group's impressive performance, its management team is well regarded and the company has been aggressively expanding it services, with initiatives ranging from the Schwab Mutual Fund Marketplace to Schwab Quotes, an automated stock quotations and news service.

BankAmerica's decision to buy Charles Schwab caused considerable controversy within the financial industry since it was seen as an aggressive move to circumvent the restrictions of the Glass-Steagall act, which prevents commercial banks from doing many types of investment banking business. However, BankAmerica persevered and its success was soon imitated by other commercial banks, which saw discount brokerage operations as an ideal way of edging into the retail stock brokerage business, long dominated by companies like Merrill Lynch and E. F. Hutton.

BankAmerica's decision to put Schwab up for sale is a painful reminder of the scale of the cutbacks it has to undertake if it is to remain an independent force in the US banking business and not succumb to a takeover from First Interstate. Schwab's customer base, marketing skills and technological capabilities will make it an attractive acquisition for another company wanting a readymade base in one of the fastest growing sectors of the financial services industry.

However, Mr Charles Schwab is expected to be a leading candidate to reacquire his old firm. He made an effort to buy the company earlier this year but was rebuffed and his increasing unhappiness with BankAmerica's mounting problems was reflected in his surprise resignation from the group's board of directors in August. At the time, there was considerable speculation that Mr Schwab was clearing the way for a more concerted effort to regain control of his company, which he sold for 2.3m BankAmerica shares worth around $23m. Since then, BankAmerica's shares have fallen sharply and yesterday morning were trading at $14⅛.

Borg-Warner unveils plan to sell financial services subsidiary

BY RODERICK ORAM IN NEW YORK

BORG-WARNER, the higly diversified manufacturing and services group which is fending off unwelcome approaches from corporate raiders, said it plans to sell its financial services subsidiary as part of a restructuring "to maximise shareholder value."

Its share price has almost doubled in recent months from the low for the year amid speculation that a number of investors were building up holdings from which to launch takeover offers. The price eased $⅛ to $41¼ after yesterday's divestment news.

So far only Mr Irwin Jacobs, the Minneapolis raider, has declared his position. He said recently that he held a 7.6 per cent stake and may seek control of the Chicago group. It is believed that Gaf, the US chemicals and building products group has also been accumulating Borg-Wagner shares since its attempts to takeover Union Carbide were thwarted. Borg-Wagner's specialty chemical operations would be attractive to Gaf.

Earlier defensive moves by Borg-Wagner included plans to sell its industrial products subsidiary which had sales in 1985 of $273m out of the group's total of $3.3bn and to buy back up to 15m shares representing 17 per cent of its common stock. It has already approved "poison pill" measures in the form of stock purchase rights for shareholders.

Borg-Wagner said the financing and capital requirements of its financial services subsidiary limited the group's ability to develop other business areas. Proceeds from the sale will help pay for acquisitions, expansion of existing businesses and share repurchases.

The subsidiary contributed $30.5m to the group's net earnings of $153.6m in the first nine months of this year.

Nova Scotia bank sets up full securities firm

BY BERNARD SIMON IN TORONTO

BANK of Nova Scotia (BNS) has become the first bank to set up a full-service securities firm in Canada, thus increasing the pressure for deregulation of the Canadian financial services industry.

Taking advantage of the relaxed regulatory climate in Quebec and a loophole in the Federal Bank Act, BNS, which is Canada's fourth largest bank, has formed a wholly-owned subsidiary to underwrite and distribute corporate securities, sell mutual funds and trade commercial paper and bankers acceptances.

The new firm, known as Scotia Securities, is registered in Quebec but – with an apparent eye on an imminent relaxation in securities industry rules in Ontario – has its head office in Toronto.

Both the Federal and Ontario governments have recently indicated a willingness to allow banks for the first time to take part in the provincially regulated securities industry by acquiring substantial equity interests in existing securities dealers. Ontario is expected to announce new rules within the next week or two.

The federally-administered Bank Act bars banks from underwriting and distributing corporate securities and from investment counselling. But BNS made use of a provision in the act which allows a temporary investment of up to two years in a "financial corporation."

The bank said it hopes that "the unstoppable global market forces which are breaking down the barriers between banking and securities will lead to legislation designed to accommodate such investments" before expiry of the two-year grace period.

Echoing the views of other Canadian bankers, Mr Ramsay Holmes, Scotia Securities chairman and a BNS senior vice president in charge of planning, said: "We don't think that Canada can afford to keep the major players in the financial markets with one hand behind their backs."

Scotia Securities has an initial capital of only C$250,000 (US$192,300). Mr Holmes said that the bank will support suitable ventures which require further capital infusions.

Takeover bid for Lesieur advances

BY DAVID HOUSEGO IN PARIS

THE FRENCH sugar producer Saint Louis Bouchon's proposed takeover of Lesieur, the oil products group, to form France's second largest food concern has been carried a step further with the nomination of the same chairman for both companies.

Mr Bernard Dumon, the head of Saint Louis, yesterday took over as head of Lesieur after the resignation on Wednesday of Mr Guy de Brignac, former head of the company. Mr de Brignac gave as the reason for his resignation his opposition to certain aspects of the share swap offer. However, behind this lie deeper reasons over management style and the future strategy of the combined group.

The tie-up between the two companies will create a new French food group with a turnover of FFr 14bn ($2.12bn), second to BSN which has a turnover of about FFr 36bn. Both boards approved the move but a rival outside bid still remains a possibility.

The takeover comes at a time when Lesieur has swung sharply back into profit with a tripling in net earnings to FFr 109m in the first nine months of the year.

Second-half recovery in earnings at Reunert

By Jim Jones in Johannesburg

REUNERT, the South African electronics and electrical equipment company, returned to profits in the second half of the year ended September, but nevertheless suffered a steep decline for the year as a whole and expects trading difficulties to persist.

Turnover increased to R922m ($409m) from R827m even though government and other large customers curtailed capital spending. Pre-tax profits fell to R3.5m from R19.7m: at the half-way stage the pre-tax loss was R8.6m.

The directors expect an improvement in profitability but say that industry conditions are likely to remain difficult. Earnings for the latest year totalled 0.04 cents a share and a dividend has not been declared. The previous year's earnings were 33.7 cents and the dividend was 17 cents.

Reunert is a subsidiary of Barlow Rand, the industrial and mining group.

● Imperial Cold Storage (ICS), another Barlow Rand subsidiary, suffered the combined effects of recession, consumer boycotts and civil unrest, cutting real demand for most of its food products in the year to September.

Although turnover increased to R1.37bn from R1.26bn, pre-tax profits fell to R11.8m from R18.7m.

The directors say that lower real demand combined with increased competition and inflationary cost increases cut margins. Some divisions suffered losses, though the directors hope to return them to profits this financial year.

Earnings were 30.2 cents a share against 51.6 cents and the total dividend has been cut to 15 cents from 20 cents.

Australian commercial banks suffer fall in profits

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S two largest commercial banks, Westpac Banking Corporation and National Australia Bank, Yesterday reported reduced net profits after the economic slowdown took its toll and government regulations hurt earnings from savings banks.

Mr Bob White, Westpac's managing director, used the occasion to launch a stinging attack on the government's economic policies and especially its tax regime. He said the seriousness of the country's external debt and balance of payments problems was insufficiently appreciated.

Although Westpac showed a marginal improvement in after-tax operating profit for the year to September, extraordinary items reduced the attributable profit. The picture might have been worse had an improved merchant banking performance not offset the worsened savings bank contribution.

Net profits after extraordinary items were A$281.6m (US$181.8m) compared with A$368.1m in the same period last year. Operating profits after tax were up 3.2 per cent to A$379.6m.

Merchant banking contributed A$31.1m, more than double last year's figure. Savings banking contributed A$34.2m, down almost 23 per cent.

The bank disclosed that it had increased substantially its provisions for doubtful debts. Specific provisions are up from A$81.7m to A$154.7m. General provisions have risen from A$168m to A$199m.

National Australia Bank's net profits after extraordinary items were A$292.8m down from A$332m. After-tax operating profits were A$304m compared with A$302m. Revenues from the savings bank operation were down 19 per cent, and those from finance and insurance subsidiaries by even more.

The bank's main complaint about savings banking is that they have to fund a housing loan portfolio to which the government has applied maximum interest rates. Mr White said yesterday the government was effectively helping privileged home owners at the expense of those who still wanted to buy houses.

Japanese oil groups in black

BY YOKO SHIBATA IN TOKYO

JAPAN'S EIGHT leading oil companies were able to report pre-tax profits for the half year to September, a sharp turnaround from the pre-tax losses registered by most in the same period the previous year.

However, the country's Petroleum Association said yesterday that it saw no substantial improvement in their main business.

The largely downstream industry drew benefit from the falling crude oil prices, but this was offset by the declining retail market price for oil products. The association attributed the better performance by the eight companies to foreign exchange gains on their dollar borrowings and an improvement in their financial positions.

All of the eight oil companies suffered over 30 per cent setbacks in sales due to the steep fall in prices of their products. However, the companies were able to register pre-tax profits thanks to a fall in procurement costs as a result of the yen's appreciation and lower crude oil prices.

At present, oil companies are legally obliged to store crude oil equivalent to 90 days' supply. Some reported a valuation loss on their crude oil storage which was purchased before the crude price decline began.

For the second half, most expect a boost in profits as they have all but completed the liquidation of the higher-cost crude oil inventories.

JAPANESE OIL COMPANIES

Parent company results, year to September 1986 (September 1985)

	Sales Ybn		pre-tax profits Ybn		Net profits Ybn	
Nippon Oil	880	(1,374)	14.2	(−7.2)	7.4	(−6.1)
Idemitsu Kosan	766	(1,230)	2.4	(−17.2)	0.5	(−17.7)
Kosmo Oil*	742	(—)	4.8	(—)	2.3	(—)
Kyodo Oil	671	(1,007)	0.8	(−2.1)	1.9	(−2.6)
Mitsubishi Oil	327	(513)	3.0	(−8.7)	0.4	(−8.4)
General Sekiyu	221	(341)	0.2	(−2.0)	0.8	(−1.7)
Kygnus-Sekiyu	137	(172)	1.9	(−0.7)	0.8	(0.1)
Kyushu Oil	131	(203)	1.7	(0.2)	0.9	(0.1)

* Cosmo Oil established in April 1986: no comparative figures.

Sharp advance in sales for Reliance Industries

BY R. C MURTHY IN BOMBAY

SALES OF Reliance Industries, the fast-growing but controversial Indian company, rose by 27 per cent in the half year to reach Rs 4.19bn ($324m) while profits increased by a more muted 17 per cent to Rs 750m.

Mr Dhirubhai Ambani, chairman, says sales for this year as a whole may touch Rs 10bn. The second half of the year is normally better than the first, and its polyester staple fibre plant, commissioned in March, will boost turnover.

Net profits are also projected higher than last year because there will be no tax liability for the company this year and the next because of investments being made in several new petro-chemical plants.

Reliance has also finally agreed terms with the government on floating a convertible debenture issue of Rs 4bn, the largest ever by an Indian company. Mr Ambani expects the issue to be oversubscribed three times, though the company can increase the issue by only an additional Rs 1bn.

The offer allows conversion after a year of each Rs 145 debenture into two shares at Rr 72.50 each. This compares with a current market price of Rs 220. The offer is sweetened by the decision to make debenture holders eligible for bonus shares if the company decides to make a scrip issue free before the conversion is effected.

Nine-month surplus at Benguet

BY SAMUEL SENOREN IN MANILA

BENGUET CORPORATION, one of the largest mining companies in the Philippines, has reported net earnings of 43.8m pesos ($2.1m) for its third quarter, lifting net profits since January to 116.4m pesos compared with a loss of 90.9m pesos during the same period last year.

Operating revenues were 1.19bn pesos during the quarter and 3.19bn pesos for the nine months, due chiefly to the higher price of gold.

Benguet has decided not to declare a dividend this year because of restrictions imposed by creditors

The company, which has obligations equivalent to about $78m, may declare cash dividends only under a formula reached with creditors which is expected to prevent a restoration of payments until 1988.

Acquisition by Elders Resources

ELDERS RESOURCES the energy affiliate of Mr John Elliott's Elders IXL, said it has purchased seven resources trading companies from the HTC Holding Group of New York, formerly the Hochschild Group, Reuter reports from Melbourne.

No price was given, but Elders said the companies had an annual turnover of more than the equivalent of A$800m (US$516.4m)

The companies include the London-based Exsud, Corfina in Madrid, Sudapek in Peking and Siamet in Bangkok.

Other companies included in the acquisition are MASA-HTC in Sao Paolo, Hochmetals Corporation in Tokyo and Burwill Siamet in Hong Kong.

Rise in yen hits Minolta

By Our Tokyo Staff

MINOLTA, the Japanese manufacturer of cameras and photocopiers, has reported a 3.7 per cent dip in pre-tax profits to Y5.24bn ($32.6) for the half year to September, attributed to the yen's appreciation against the dollar.

Interim net profits fell by 6 per cent to Y2.6bn despite turnover which at Y111.92bn was up 20 per cent on the back of strong camera sales.

Minolta is to keep its interim dividend at Y4.25 per share. For the full year, it expects pre-tax profits to fall by 26 per cent to Y9bn, the first year-on-year decline in five years. Sales are forecast to increase by 11 per cent to Y220bn.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Tim Dickson in Brussels examines tax moves to stimulate share buying

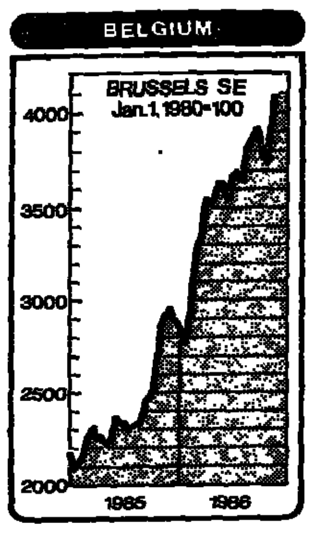
Wider choice for Belgian investors

THE BELGIAN bourse was yesterday digesting the implications of this week's agreement by the coalition partners to push ahead with a series of changes to the tax laws aimed at stimulating share purchases by private investors.

The stock market showed its initial enthusiasm on Wednesday by jumping 71 points to an all time high of 4,076. Activity was more subdued yesterday, with some leading shares ending the session a little below their previous best, although the index managed to rise again to 4,091.98.

The coalition's proposals offer investors a choice between three tax-assisted savings schemes which would contribute to retirement, invest in their own company's shares or back a recognised venture capital fund. The main outlines have been well known since the centre-right coalition of Mr Wilfried Martens set out its economic programme earlier this year. The stock market, however, had expected a firm political commitment before the summer, when the Government became bogged down in negotiating its controversial BFr 200bn ($4.7bn) budget cuts. More recently, it has been distracted by a bitter linguistic dispute over a provincial mayor, to the point that doubts grew that something might be amiss in the tax reform schedule.

This week's developments demonstrate that Mr Martens the Prime Minister, and his five fellow "super" ministers are now trying to get their economic plan back on course after the interruptions of the last few weeks.



For the Belgian stock market, the new tax breaks represent a much-needed extension to the so-called De Clercq section of the shares law (or the Belgian "Loi Monory," to borrow the name of similar legislation in France). Introduced in 1982, this enabled individual Belgian investors to make the cost of share purchasers in Belgian companies tax deductible at a time when much of the corporate sector was heavily in debt and badly in need of new capital.

After a slow start, the exercise proved very successful and according to Kredietbank inspired a flow of BFr 70bn to BFr 75bn into the bourse during the four years 1982 to 1985. An estimated 500,000 households are thought to have been involved.

The scheme ended last December. However, the condition that shares bought under the plan must be held for a minimum of five years to qualify for the benefits meant that 1987 will be a key date for the first investors wishing to cash in their stakes. Hence there has been fierce lobbying among financial institutions for new measures that would stem, and indeed reverse, the potential outflow from the market.

Belgian investors have traditionally been notoriously risk-averse, though according to an analyst from Societe Generale de Banque many are now embracing the new opportunities to play the stock market with enthusiasm. They will now be able to choose from one of three tax-favoured plans

● A new "pension plan" on the lines of the American Individual Retirement Account. This will enable individuals to invest up to BFr 20,000 ($475) a year (or BFr 40,000 per household), though the limits will probably be quickly doubled. At least 30 per cent must be in Belgian shares, with up to 10 per cent permitted in foreign based companies provided they have a quote on the Belgian bourse.

This is seen as an important incentive by the Government, which is worried by the cost of supporting Belgium's ageing population. The unions, however, remain suspicious that this private incentive could mean fewer resources for the state pension.

● An employee share scheme for individuals to invest in their own company. This was continued after the end of the Loi Monory, but aroused criticism because it was applied only to new capital issues by Belgian companies. Bank employees have done well, but others have not been so lucky. Known as "Monory-bis," the limits are the same as for the retirement scheme, though investors have to keep their shares for only five years to qualify.

● Risk capital funds. Belgium has only a small number of venture capital funds, but the new tax breaks are expected to spawn a range of vehicles from banks, insurance companies and savings institutions.

On top of these steps, the coalition partners have also agreed to a new profit sharing scheme for Belgian companies. This will allow companies to give their workers a share or "dividend" from profits and pay a reduced 25 per cent tax rate, provided they agree to increase their workforce by 1 per cent in 1987 and a further 1 per cent in 1988.

In return for the fiscal incentives, the left wing of the Christian Democrat Party has been bargaining hard for this and other employment creating measures. Two points of a ten point plan—including new measures to encourage the young jobless—have so far been agreed.

DMC seeks funds for acquisition programme

By David Housego in Paris

DMC, FRANCE'S largest textile producer, is raising between FFr 300m and FFr 400m in fresh capital to widen its international base through external acquisitions.

The group announced this yesterday in reporting a 26 per cent increase in net consolidated profits to FFr 102m ($15.4m) for the first half on the basis of a 4 per cent drop in turnover.

The group is looking to a 20 per cent increase in net consolidated profits for the year as a whole to more than FFr 150m, and to a further 33 per cent profit rise in 1987 to FFr 200m. Turnover for 1986 is expected to be down marginally to FFr 6.4bn.

DMC (Dollfus Mieg and Company) said they planned to use capital increases for a selective policy of acquisition with a view to becoming the leading textile group in Europe. They also said that they planned to seek a quotation on a foreign market—probably London.

The group has expanded this year through the purchase of a 51 per cent stake in Hervillier, the knitting wool group. It said it was looking for further acquisitions in the area of knitwear, wool and special products.

Jumbo dollar and French franc issues for Denmark

BY HAIG SIMONIAN

THE Kingdom of Denmark caught the attention of the Eurobond market yesterday with jumbo straight issues for $1bn and FFr 1bn.

The dollar portion, led by Shearson Lehman Brothers International, is priced at 101⅛, with a 7 per cent coupon and a rare two-year maturity. The issue was launched at 35 basis points over equivalent two year US Treasury bonds.

Denmark's issue represents a new concept in the Eurobond market, according to the lead manager, which expects it to become a benchmark for the short end of the market. Short maturity, top quality paper with any degree of liquidity is currently conspicuous by its absence. Two-year maturities are dominated by tail-end issues; with the bulk salted away into client accounts, it is hard to deal in any volume.

There may be grounds for optimism, as retail interest in the secondary market is still limited and business has tended to be concentrated at the shorter end. Moreover, the new issue will have a matching maturity to the two-year US Treasury bonds due to be auctioned next Wednesday, creating natural arbitrage opportunities.

However, there was some resistance in the market to the size of the issue by late afternoon, with the paper trading just outside its fees.

Led by Credit Lyonnais, Denmark's FFr 1bn 8½ per cent 1991 issue, priced at 99⅞, marks the largest offering so far in the Euro-French franc market. The paper was launched at about 15 basis points over the yield of equivalent French government securities.

With Denmark's dollar issue also in the market, somewhat tight pricing and reluctance among some investors to buy French franc paper at present, even the lead manager agreed that the market's appetite seemed limited. The issue was trading less 2¼ bid against fees of 1⅞ per cent.

Deutsche Bank Capital Markets led a $100m 8 per cent 10-year issue for Asian Development Bank, priced at 100⅜. It is three years since the ADB's last straight dollar bond, though there has been a subsequent zero-coupon issue, and the Triple A borrower has a limited demand for funds, given its high liquidity.

Syndication for this swap-related issue was proceeding slowly, said the lead manager, in a somewhat fragile market. The issue was trading around its fees by late afternoon.

Noritz Corporation, a Japanese manufacturer of hot water supply systems, issued a $30m equity warrant bond guaranteed by Taiyo Kobe Bank. Led by New Japan Securities Europe, the 1991 par-priced paper carries an indicated 3⅞ per cent coupon. The issue was quoted within its fees by mid-afternoon.

Salomon Brothers led a $200m 1996 par priced floating-rate note for Georgia Federal Bank, a US savings and loan institution. The coupon is ⅛ per cent over six-month London interbank offered rate.

Recent falls in secondary market FRN prices appear not to have deterred the borrower, which is paying for the privilege of issuing now: its 18.75 basis point spread over Libor compares with margins of between 3 and 15 basis points for some earlier S & L notes. The $200m issue also should help to assure liquidity.

Oxford Acceptance Corp II, a US real estate company, issued a $45m 1993 par-priced FRN, paying ⅛ per cent over six-month Libor. The issue is guaranteed by the Triple A rated Connecticut General Life Insurance Company and led jointly by Kidder Peabody International and Yasuda Trust.

In the Swiss franc market, Deutsche Girozentrale-Deutsche Kommunalbank issued a SFr 4½ per cent 1996 par-priced bond, led by Swiss Bank Corporation. This is the borrower's first transaction outside Germany. In a private placement, Union Bank of Switzerland led a SFr 100m 4⅞ per cent par-priced 1991 bond for Yamaha Motor International Finance, guaranteed by Fuji Bank.

● The maturity for the $100m 7⅞ per cent CD note issue for Dai-Ichi Kangyo Bank (London Branch), led by Chemical Bank International, is five years rather than 15 years as printed yesterday.

EMS-Chemie maintains profit levels

By John Wicks in Zurich

EMS - CHEMIE Holdings, the Swiss chemical group, expects results for the year ending April 30, 1987, to be "at least close to" the level recorded for the past financial year.

In 1985-86, operational cash-flow rose by 46 per cent to SFr 80.6m after a 33 per cent increase in sales to SFr 523m ($311m). The parent company raised its dividend from 7 to 9 per cent on net profits of SFr 7m.

For the first six months of 1986-87, the group has booked sales and earnings at the same level as those for the previous corresponding period

Samurai, Shogun rules eased

BY YOKO SHIBATA IN TOKYO

BANKS MANAGING bond issues in Tokyo have decided to relax substantially the eligibility rules on both yen-denominated Samurai and dollar-denominated Shogun public offerings made by foreign corporate borrowers.

The move is designed to boost issue volume and improve the status of Tokyo capital market. The commercial and long-term credit banks involved are due to adopt new rules today and apply them for flotations later this month.

Foreign corporate issuers of Samurai and Shogun bonds with a double A rating will no longer be required to meet such eligibility criteria as net worth or level of net assets. If they are rated single A, they will be required to have net assets of at least $1.5bn.

The relaxation also reflects a desire by the so-called "commissioned banks" to retain broad elements of the system, a feature of the domestic bond market, whereby they serve as trustee in order to protect holders. Such borrowers as the World Bank have lobbied to eliminate the commissioned bank system as unnecessary due to the absence of collateral for these foreign bonds.

However, even for unsecured bonds like Samurai or Shogun issues, the commissioned banks are keen to retain their central role in determining bond issuing qualifications through a group of trustee banks and influence issuing conditions.

The banks had been consistently opposing the easing of eligibility rules as they feared this would bring inevitable changes in the domestic corporate bond market which would make the commissioned bank system obsolete.

The commissioned banks have, however, become concerned about the drift away of foreign borrowers to the Eurobond or US markets where much easier financial requirements prevail, thus undermining the further internationalisation of the Tokyo capital market

Middle East push by London Forfaiting

By Peter Montagnon, Euromarkets Correspondent

LONDON FORFAITING, the fast-growing banking concern which is 65 per cent-owned by Exco International, is to make a major push for expansion in the Middle East.

Mr Jack Wilson, chief executive, said yesterday that the firm plans to raise the capital of its Cyprus-based subsidiary which handles Middle Eastern business to £25m ($35.5m) from £5m.

The move is an indication of the way in which London Forfaiting has been able to penetrate the Middle Eastern market at a time when many other financial organisations are winding down their operations in the region.

Though London Forfaiting started out as a forfaiting concern—forfaiting involves discounting and dealing in trade bills—it has now branched out to handle all forms of securitised loan assets, Mr Wilson said.

Return from its Cyprus operation is understood to be running at twice the level attained in London. The company was only formed in 1984 but as a whole it generated pre-tax profits of £9.2m last year and £6m in the first half of 1986.

People Express debt interest rates reduced

By Our Euromarkets Staff

PEOPLE EXPRESS, the US airline, said yesterday that holders of about 80 per cent of its US public debt had agreed to exchange it for new debt at lower interest rates. Its acquisition by Texas Air depends on 85 per cent acceptance of the exchange offer, which has been extended until today.

Texas Air has set as a condition of the merger, and of additional funding for People before its completion, that sufficient deb the exchanged to reduce People's interest costs by $12.6m.

People's outstanding SFr 150m convertible bond is being handled separately. Texas Air confirmed yesterday that it would offer to buy all the issue at 65 per cent of face value, plus accrued interest to the date of payment.

This offer also depends on 85 per cent acceptance and is a condition for further funding for People. Texas Air will provide $15m on completion of its Swiss tender offer, and $15m whe nthe US exchange offer is completed.

Dow Chemical in Italian technology deal

By Alan Friedman in Milan

DOW CHEMICAL, the US company which already has two sizable Italian operations, has reached agreement with Mazzucchelli, the Milan-based plastic materials company, to co-operate on technology and manufacturing of thermoplastic compounds.

The agreement, which includes the transfer of technology and licences from the US to Italy, will see Dow producing new specialty materials at the Italian company's plant, which has capacity for the manufacture of 15,000 tonnes a year.

The thermoplastic materials to be produced will be aimed at the optical, data processing, car and construction industries and the agreement reflects a similar joint venture Dow reached recently in the Netherlands.

German tool maker to go public

BY ANDREW FISHER IN FRANKFURT

MAHO, the West German machine tool manufacturer, is to float its shares on the stock market next month, though the controlling Babel family will still have to take a stake of more than 60 per cent.

Mr Werner Babel, the chairman, said that net profits rose by 142 per cent in the last financial year to June 30, 1986, from DM 4.9m to DM 11.8m ($5.7m) as a result of high capacity utilisation through three-shift working.

Turnover of Maho, which makes computer-controlled milling and drilling machines, was DM 338m, compared with DM 245m. Exports account for around half of the company's business and two-thirds of turnover is from products less than five years old.

Maho, based in the south of Bavaria near the Austrian border, has also branched out into computerised automation systems. These currently make up a tiny proportion of turnover, but the company said its strongest growth was expected in this sector.

Mr Babel and his wife own 85 per cent of the shares, with a grandson of the founder owning the rest. Share capital was recently increased from DM 36m to DM 44m. The exact number of shares to be floated will be made known next month

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on November 13

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amer. Express [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.39
Australia Com. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.54
Australia Com. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.27
British Telecom [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.17
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.52
Canada 9 96	1000	105¾	106¼	+0⅜	−0¼	8.85
Canadian Pac. 10¼ 95	100	109	109½	+0⅛	−0¼	8.82
CEPME 10⅛ 91	100	108¾	109¼	+0¼	0	7.86
Citicorp 8¼ 93	200	98	98½	+0¼	0	8.59
Credit Lyonnais 9 91	200	104¾	105¼	+0¼	−0⅛	7.57
Credit National 9¼ 93	150	105¾	106¼	+0¼	+0⅛	7.86
Daiwa Securities 2⅞ 91	120	†78¼	78¾	0	−0¼	12.84
Denmark Kingdom 7¼ 95	250	96⅛	96⅝	+0⅛	−0⅛	8.02
Denmark Kingdom 8¼ 91	300	102⅜	102⅞	+0¼	−0⅛	7.54
Deutsche Bank Fin. 8 98	110	97⅛	97¼	+0⅛	0	8.32
EEC 7 91	100	99	99½	−0⅛	−0¼	7.18
EEC 8¼ 96	100	101⅝	102⅛	+0¼	−0¼	7.95
EEC 8⅝ 91	150	105	105½	+0¼	0	7.14
EEC 9⅜ 90	350	105¾	106¼	0	−0⅛	7.48
EIB 10⅛ 94	200	110⅝	111⅛	+0¼	−0¼	8.33
EIB 12 95	200	122⅝	123⅛	+0¼	−0½	8.13
Eurofima 7¼ 91	100	101	101½	+0¼	−0½	7.41
Export Dev. Cpn. 10 90	300	109	109½	+0¼	+0¼	6.98
Finland 7½ 93	200	98	98½	+0⅛	0	7.83
Ford Motor Cred. 10½ 91	150	109½	110	+0¼	−0¼	8.05
Ford Motor Cred. 11⅞ 90	100	109¾	110¼	+0⅛	−0⅛	7.73
Gen. Elec. Cred. 10¼ 00	200	106¾	107¼	−0⅛	−0⅛	9.38
GMAC 10⅞ 89	200	107⅛	107⅝	0	−0⅛	6.97
GMAC 8½ 93	200	102⅛	102⅝	+0⅛	+0½	8.03
IADB 9⅞ 95	200	110	110½	+0⅛	−0⅛	8.23
Liberty Mutual 8½ 96	150	100⅛	100⅝	0	−0⅞	8.39
LTCB of Japan 8 91	100	101⅝	102⅛	+0⅛	−0⅛	7.50
Merrill Lynch 8¼ 91	100	103¾	104¼	+0⅜	−0⅛	7.76
Mercds.-Benz Cred. 7½ 93	100	100¼	100¾	+0¼	+0¼	7.39
Nth. Amer. Philips 8 93	100	97⅛	98	+0⅛	−0⅛	8.46
Norway Kingdom 7¼ 91	500	99⅞	100⅛	+0¼	0	7.27
Pepsico Inc. 7⅞ 93	200	97⅜	97⅞	+0¼	+0¼	7.84
Proct. & Gamb. 'A' 9⅞ 92	150	106½	107	+0⅛	0	8.41
Qantas Airways 10⅛ 95	140	110¾	111¼	+0¼	+0¼	8.51
Queensland Govt. 10¼ 95	100	109⅝	110⅛	+0¼	+0½	9.52
Ralston Purina 11¼ 95	150	113¾	114¼	−0¼	−0¼	9.29
Saab Scania 9½ 91	125	105¼	105¾	+0⅛	−0¼	7.91
Saskatchewan 10⅞ 92	100	111⅞	112⅜	+0⅛	0	7.85
State Bk. S. Aust. 9¼ 93	100	104¼	104½	+0⅛	−0¼	8.33
Statoil 10 90	170	107⅞	108⅜	+0¼	−0⅛	7.42
S. Wales Trsy. 11⅞ 90	150	111⅞	112⅜	+0¼	+0¼	7.68
Swed. Exp. Cred. 10 92	100	110	110½	+0¼	−0¼	7.64
Sweden 8¼ 96	200	104⅛	104⅝	+0⅛	0	8.05
Sweden 10¼ 92	250	111½	112	+0⅛	−0½	7.74
Sweden Kingdom 10⅞ 90	200	110⅝	111⅛	+0⅛	0	7.14
Sweden Kingdom 7 91	250	98¼	98¾	+0⅛	−0⅛	7.37
Toyota Motor Cred. 8 89	100	102⅝	103⅛	+0⅛	0	6.74
Victorian Rep. 11⅝ 92	150	114¼	114¾	+0⅛	0	8.20
World Bank 8½ 16	150	†95⅛	95⅝	+0⅛	+0⅞	8.92
World Bank 9¼ 16	300	†101	101½	+0¼	−0⅛	9.12
World Bank 10⅛ 95	300	113	113½	+0⅜	−0⅜	7.94
Yasuda Trust Fin. 8½ 93	100	101⅞	102⅜	+0¼	+0¼	8.06

Average price changes on day +0¼ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bank 8 94	200	106⅝	107⅛	0	0	6.83
Austrian Elec. Co. 6½ 95	150	98⅞	99⅜	0	+0¼	6.61
BMW 5⅞ 96	200	91½	92	−0⅜	−0½	6.47
Daimler Benz Int. 5¾ 01	500	90⅞	91⅜	−0½	−0⅞	6.73
Dow Chemical 5⅝ 96	300	93	93½	−0¼	+0¼	6.60
Dow Chemical 6¾ 95	300	101⅞	102⅜	+0¼	−0⅛	6.41
EIB 5½ 98	150	90½	91	−0⅛	0	6.69
EIB 6⅞ 95	300	101⅞	102⅜	−0⅛	−0⅛	6.41
EIB 7¼ 94	300	104½	105	+0⅛	0	6.51
Emhart Corpn. 6¾ 95	175	100⅞	101⅜	+0¼	0	6.61
Eurofima 6¼ 96	100	97⅜	98⅛	−0⅛	−0⅛	6.58
Ex.-Im. Bk. Korea 7⅞ 90	100	103⅜	104⅛	−0⅛	−0⅜	6.30
Finland Republic 7 92	200	104⅛	104⅞	0	0	5.96
Hoesch Intl. Fin. 7 95	100	102⅞	103⅜	+0⅛	+1⅛	6.60
Hydro Quebec 5½ 96	125	92½	93¼	+0¼	0	6.54
Hydro Quebec 6 16	150	85¼	86	0	+0¼	7.19
IBJ 5⅝ 96	200	92⅞	93½	0	0	6.62
Ireland 8⅛ 92	150	107⅞	108⅜	0	+1⅛	6.40
I/S Elsam 6⅞ 93	125	†99⅞	100¼	0	−0⅛	6.72
Korea Dev. Bank 6⅞ 93	100	98	98½	0	+0⅛	6.96
Mitsubishi M. 3⅛ 89 WW	100	206¼	207½	0	8.03	
Mitsubishi M. 3⅛ 89 XW	100	93⅝	94⅜	+0⅛	−0⅛	5.27
Renfe 7⅛ 95	100	†104⅞	105½	−0⅛	−0⅜	6.94
Soc. Cent. Nucleair 7¼ 95	150	100⅞	101⅜	−0⅛	−0½	7.04
Soc. Cent. Nucleair 8 91	100	105	105⅝	−0⅛	+0¼	6.63
Stavang 5½ 96	100	92½	92	0	−0⅛	6.76
World Bank 7 95	600	102⅞	103	0	−0⅜	6.59
Yorkshire Intl. 6¼ 01	200	†91	91½	0	+0⅛	7.23

Average price changes on day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev. Bk. 5⅜ 96	100	†101	101¼	+0⅛	+0½	5.47
Amer. Corp. 5¼ 02	200	†92	92⅝	+0½	0	6.08
Baker Int. 4½ 96	200	†90	90¼	0	0	5.47
Carlsberg 5 96	80	†102½	102¾	0	0	4.65
Chugoku 5⅜ 94	50	†102	102½	+0⅛	−0⅛	5.01
Deutsche Bk. Fin. 5⅜ 95	100	†107¼	107½	−0¼	−0¼	4.28
Gen. Occidentale 4⅞ 94	80	†120	120½	+0⅛	−2¼	1.79
Glendale F. S. & L. 5½ 95	100	†101½	101¾	+0½	0	5.26
Hamana 5⅜ 98	120	†96	96½	−1½	−1½	5.58
Ireland 5⅝ 94	150	†103¾	102	0	+0½	4.83
Japan Dev. Bk. 5⅝ 97	100	†102⅞	103¼	0	0	4.80
Oberoi. Kftwk. 5⅞ 95	100	†103¾	104	0	+0¼	4.79
Olivetti Intl. 5⅛ 93	100	†103½	103¾	−0½	−0½	4.97
Pepsico 5⅛ 95	130	†104½	104¾	+0⅛	+0½	4.57
Philbro-Salomon 5⅛ 97	110	†100½	100¾	−3⅛	0	5.05
Ralston Purina 5⅞ 94	125	†102½	102½	+0⅛	+1⅛	4.91
Settsu Euro. 0 01	100	†45	46	−1⅛	−1⅛	5.65
US Steel 5¼ 96	200	†88½	88¾	0	−1	6.92
USX Corpn. 5⅞ 98	100	†94½	94¾	+0¼	−0⅛	6.41
World Bank 5⅞ 94	150	†105	106	−0⅛	+0⅛	4.91

Average price changes on day −0¼ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amer. Expr. OS Cr. 5⅞ 91	20	99⅛	100¼	−0¼	+0⅛	5.86
Denmark 6⅞ 96	10	101⅞	102⅜	0	+0⅛	6.07
GMAC 5⅞ 91	60	97½	98	+0¼	+0⅛	5.92
EIB 6⅛ 96	25	100⅛	100⅞	0	+0⅛	6.05
Sweden Kingdom 5⅝ 95	20	97⅛	97½	0	+0⅛	6.03

Average price changes on day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Amer. Ex. OS Cr. 0 91 A$	100	56¼	56¾	+0½	+0½	13.75
Bremer Ldsbk. 12¼ 91 A$	30	98	99	+0⅛	+0⅛	13.15
Fiat Finance 14½ 89 A$	50	100⅞	101⅞	+0¼	−0¼	13.92
GMAC 12⅞ 89 A$	40	98⅛	99⅛	+0½	−0⅛	13.46
Landsbk. Rheln. 13 89 A$	30	97⅛	98⅛	+0⅛	−1⅛	14.11
Canadian Pac. 10⅛ 90 C$	75	†103¾	103¾	+0¼	−0¼	9.25
Chrysler Corpn. 10 91 C$	75	†99⅞	99⅞	+0⅛	−0¼	9.40
Genstar Fin. 11⅝ 95 C$	75	*†104⅛	104⅝	0	+0⅛	10.92
GMAC 9¼ 92 C$	75	†101¼	101¾	+0⅛	−0¼	8.87
Royal Trustco 10⅛ 90 C$	75	†101⅞	102⅜	0	−0¼	9.72
Sears Acc. 10⅝ 92 C$	75	*†102⅝	103⅛	0	0	9.94
Coca-Cola F. C. 17 90 NS	75	†106½	108	+0½	−0½	14.33
Denmark 17½ 89 NS	50	*†103¼	104¼	0	+1⅛	15.16
Unilever Cap. 17½ 89 NS	50	†105	106½	+0½	+0½	14.82
Copenhagen City 9 95 Ecu	40	*†101⅞	101⅞	0	−0⅛	8.73
EIB 8⅝ 93 Ecu	100	*†105	105½	0	+0⅛	7.54
Walt Disney 8⅞ 94 Ecu	62	*†104¼	104⅞	0	+0¼	7.90
Honda Mtr. WW 3⅞ 90 Fl	100	107⅞	108⅛	−0⅛	−0⅛	1.37
Honda Mtr. XW 3⅞ 90 Fl	100	93⅞	94⅛	+0⅛	+0¼	5.94
Thyssen 7¼ 90 Fl	50	104⅛	104⅝	−0¼	−0⅛	5.92
Wereldhave 7½ 90 Fl	75	104	104½	−0¼	−0¼	6.17
Wessanen 6¼ 90 Fl	50	104¼	104¾	−0⅛	0	5.43
Amev 11 93 £	50	†97⅞	98⅜	−0½	−1¼	11.42
Australia Com. 11 92 £	40	†96	96½	−0⅜	−1⅞	11.94
GMAC UK Fin. 10½ 90 £	30	98	98⅝	−0½	−1½	11.07
Imp. Chem. Inds. 10 03 £	100	†90	90¼	−0⅞	−2⅛	11.33
Imp. Chm. Inds. 10¼ 92 £	75	†94½	95	−0⅜	−1⅞	12.04
Invst. in Inds. Int. 10 93 £	60	91¼	91¾	−0½	−1⅛	11.94
Leeds Bldg. Soc. 10½ 91 £	50	94½	95¼	−0½	−1⅛	12.07
McDonalds 10⅞ 90 £	40	97¾	98¼	−0⅞	−1⅛	11.56
Nationwide BS 10⅛ 93 £	75	91½	92	−0⅛	−1⅛	12.01
NSW Treasury 10⅝ 92 £	50	93½	94	−0½	−1⅞	12.13
Royal Insce. 10¼ 92 £	60	†97⅛	97⅝	0	+0¼	11.37
J. Sainsbury 10⅞ 93 £	60	95¾	96¼	−0⅛	−1⅛	11.80
Trusthouse Forte 11⅛ 90 £	50	97¾	97¾	−0⅛	−1¼	12.01
World Bank 11¼ 95 £	100	97¾	98¼	−2⅞	−4	11.60
CoE 8⅞ 95 LFr	600	*†105½	105½	0	0	7.98
EIB 8⅝ 93 LFr	1000	*†105¼	105¼	0	0	7.52

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bldg. 94 £	0.08	99.31	99.36	18/10	10.88
Australia & NZB Perp.	0.015	99.34	99.44	30/10	6.15
Barclays Bank Perp. 1	0¼§	100.40	100.50	2/01	7.06
Barclays Bank Perp. 2	0¼§	100.19	100.28	14/08	8¼
Belgium, Kingdom of 91	0	100.41	100.51	19/02	8.06
BNP 5¼ 95	0.05	†101.61	101.71	12/01	6.8
Britannia 5 93 £	0⅛	99.52	99.59	8/10	10.19
Chase Manhattan Corpn. 91	0⅛	99.60	99.70	29/08	6.12
Citicorp 98	0¼	99.17	99.28	29/08	7.19
Credit Lyonnais 5 00	0⅛	100.73	100.83	12/01	6.02
EEC 3 92 DM	0	100.30	100.39	20/08	4.44
EEC 5¼ 93 Ecu	0.0812	99.78	99.87	30/07	7.66
Halifax Bldg. Soc. 94 £	0.1	99.29	99.35	6/08	10.54
Lloyds Bank Perp.	0¼	100.49	100.59	9/12	7½
Midland Bank 01 £	0.1	99.56	99.67	7/11	10.6
Milk Mrktg. Board 5 95 £	0⅛	99.56	99.61	26/09	9.94
NatWest Perp. A	0⅛§	100.50	100.60	9/01	6.94
NatWest Perp. B	0⅛§	100.41	100.51	10/02	8¼
New Zealand 5 97 £	0.07	99.83	99.93	14/08	10¼
New Zealand 5 01	0	100.16	100.26	4/02	8.13
Prudential Corpn. 4 95 £	0.1	99.64	99.73	5/09	9.85
Shearson Lehman Hldgs. 91	0⅛	99.45	99.55	6/11	6¼
United Kingdom 5 92	0	100.11	100.21	7/10	7.19
Woodside Financial 5¼ 97	0	100.12	100.22	20/10	6.81
Woolwich 5 95 £	0⅛	99.48	99.53	19/11	10½

Average price changes on day +0.02 on week −0.03

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	†247	249	−2	5.79
Fanuc 3¼ 98	1/84	7032	254½	256½	−5¼	92.69
Fuji Bank 2¼ 00	10/85	1672	148⅞	150¼	−0¼	0.84
Fuji Heavy Industries 3 00	8/85	676	102¼	103⅞	−0¼	−0.14
Fujitsu 3 99	5/84	1320	128½	129⅛	−4¼	14.85
Minolta Camera 2¼ 94 DM	2/86	1105	†100¼	101¼	0	57.57
Mitsubishi Bank 2⅞ 00	8/85	1768	145⅛	144⅞	−0¼	1.50
Mitsubishi Trust 2½ 01	5/86	1608	135⅞	137½	−0⅛	−8.87
Mitsui Bank 2⅞ 01	4/86	101.9	121½	123	−0½	−98.44
Mitsui Trust 2⅞ 01	10/86	1910	97½	98½	+0½	6.97
Murata 3½ 00	7/84	2598	173¾	175¼	−0⅞	18.17
Nippon Elec. 2⅞ 00	1/85	1295	224	226	−1⅞	105.85
Nippon Oil Co. 3 00	5/85	923	191⅛	193⅛	−3⅞	−3.89
OKI Elec. Ind. 3½ 99	10/84	805	124½	125⅞	−0⅛	3.80
Sanwa Bank 2⅞ 00	10/85	1486	138	139½	+3¼	3.66
Sumitomo Bank 2⅞ 00	8/85	2142	138½	140	+0⅛	4.87
Toshiba Ceramics 3 00	4/85	1734	122⅛	123⅞	−0⅛	4.84
Nippon Oil Co. 2⅞ 92 SFr	3/84	1052	*†132½	132½	0	6.94
Nippon Shinpan 2 92 SFr	3/84	881	*†179½	179½	0	27.94
Asics 5 92 DM	12/83	580	†119	121	−0⅛	6.32

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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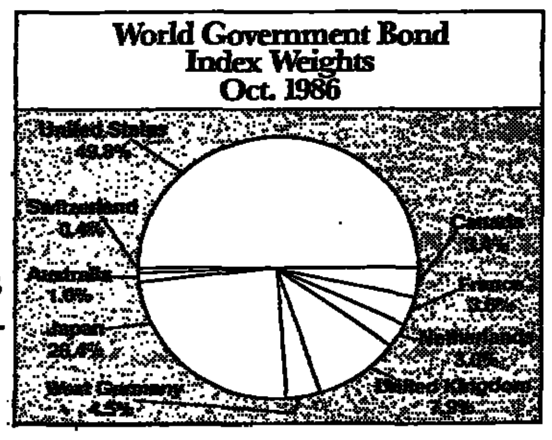

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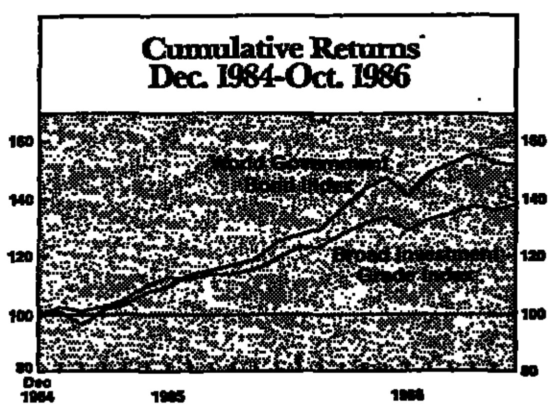

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UK COMPANY NEWS

Wellcome on target with £125m

BY TONY JACKSON

Wellcome Foundation, the UK drug group, matched the market's expectations yesterday with a 3 per cent rise in pre-tax profits to £125.3m for the year to end August.

The group said the figures, its first full year results since flotation in February, had been held back by dollar weakness. On constant exchange rates profits were ahead by 23 per cent. The shares rose 6p to 203½p yesterday.

The star performer in the group's drug portfolio was again Zovirax, the herpes treatment, which this year became the group's biggest-selling product with a 69 per cent jump in sales to £105m.

Wellcome said it expected further growth from Zovirax, both through further market penetration and through the hoped-for use of the drug as a treatment for shingles. Tracrium, a muscle relaxant used in surgery, also performed strongly with an 18 per cent rise in sales to £32m.

Sales of non-prescription drugs in the US rose by 16 per cent in dollar terms. The two cough treatments, Actifed and Sudafed, retained their leading position, Wellcome said, with Sudafed showing growth of nearly 30 per cent. Marketing costs had been higher, though, as a result of more aggressive competition. US sales of Neosporin, a non-prescription topical antibiotic, rose by 40 per cent as a result of being advertised for the first time on national TV.

Coopers Animal Health, the struggling joint venture with ICI, incurred a pre-tax loss of £9.7m compared with last year's £8.2m. Included in the loss was £4.2m (£6.4m) of restructuring and start-up costs. Mr Alfred Shepperd, group chairman, said "Cooper's management have had to take steps for cost containment, but they are now more confident than they have been for some time that they will soon be on a profitable track."

Group sales were virtually unchanged at £1,005bn. At comparable exchange rates, Wellcome said, sales would have been up by 12 per cent. UK sales were 3 per cent lower at £109m, and North America—Wellcome's most important region—was 5 per cent down at £428m. European sales, however, were helped by currency conversion, and showed a 29 per cent rise to £150m.

North America continued its dominant contribution to profits, turning in 67 per cent of trading profits.

After a lower tax charge of 51 per cent (54 per cent) and a writeback of £2.6m (£3.9m) of minority losses, earnings per share were up 4 per cent at 7.8p net. The final dividend, as forecast in the prospectus, is 1.32p net.

See Lex

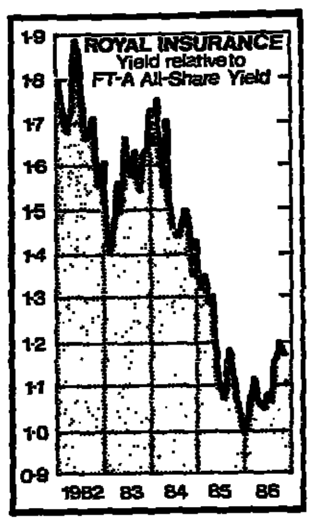
PHARMACEUTICAL SALES, 1986	£m
Cough and cold preparations	135
Anti-virals	105
Systemic antibacterials	89
Tropical anti-infectives	81
Anti-gout preparations	73
Cardiovascular treatments	44
Muscle relaxants	38
Analgesics	25
Diagnostics	22
Others	112

Royal Insurance jumps to £193m

By Nick Bunker, Insurance Correspondent

Royal Insurance, the UK's largest composite insurer, overshot City expectations by a wide margin in the third quarter and reported pre-tax profits of £193.1m for the first nine months of 1986.

This compared with £16.6m in the same period last year. In the three months to September 30, pre-tax profits were £105.7m (£34.4m), the biggest quarterly figure in Royal's history. The group's share price advanced 30p on the news, closing at 828p.



Royal's recovery was especially strong in the US, which produces 49 per cent of the group's direct non-life premiums. It reported an $8.7m (£6.1m) underwriting profit in the third quarter—the first such profit there since the late 1970s.

For the nine months, its US operating ratio—the key measure of an underwriter's efficiency—fell to 103.8 per cent, three points better than US analysts' estimates of industry averages.

This occurred in spite of a move of head office from New York to North Carolina, but was aided by streamlining of field operations into smaller units, said Mr Alan Horsford, group chief executive. Price increases for US commercial lines were "beginning to slow," but in workers' compensation—Royal's second largest US business — the group was now seeing big rate increases.

Pricing action, the impact of federal tax reform and falls in interest rates would combine to put pressure on companies to maintain tight US underwriting through to 1988, Royal said.

Worldwide premium income rose 11.2 per cent to £2.8bn. Investment income showed an underlying increase of 10 per cent, but exchange rate changes meant that in sterling terms there was a 1 per cent fall.

Net profit after tax and minorities was £159.4m (£12.3m). Earnings per share were 67.5p (5.2p).

In the UK, pre-tax profits for the nine months rose from £21.7m to £56.8m, in spite of weather losses of up to £50m. Royal was now taking action over late reporting of North American claims on business written overseas for British customers, which had posed the biggest problem in the UK.

New business was buoyant for Royal Life Holdings, Royal's life and pensions subsidiary, where pre-tax profits rose to £21.9m (£18.9m).

See Lex

Telecommunications behind 42% second quarter rise at Plessey

BY DAVID THOMAS

Plessey yesterday unveiled a 42 per cent advance in pre-tax profits in the second quarter to September 26, resulting in a 24 per cent increase in pre-tax profits for the first half year.

Pre-tax profits for the second quarter were £44.2m (£31.1m) on turnover of £350.5m (£323.5m). For the first half they were £87.4m (£70.3m) on turnover of £687m (£656.7m).

Earnings per share in the first half increased by 37.4 per cent to 7.49p (5.45p) before extraordinary items. Earnings after extraordinary items were 7.01p (5.45p).

Plessey's shares closed 9p down at 180p.

The main advance was registered in Plessey's telecommunications division, where operating profits for the first half increased by 59.2 per cent to £37.9m (£23.8m) on turnover of £351.3m (£303.8m). Profit margins on sales in this division were 11.4 per cent.

The company said that public and private switching and payphones all performed well. Sir John Clark, Plessey chairman, said no agreement was imminent with the General Electric Company on further co-operation on the System X public switch.

Stromberg-Carlson, Plessey's US telecommunications equipment subsidiary, made profits of about £1m in the first half, compared with a loss of about £5m in the same period last year. Plessey expects Stromberg-Carlson's order book to be up 15 per cent over the whole year.

For Plessey overall in the first half, operating profits were £79.8m (£65.7m). After adding in investment income of £16.7m (£9.4m) and deducting £8.5m (£6m) in interest and £31.5m (£30.2m) in tax, profits on ordinary activities were £55.8m (£40.1m).

The company had extraordinary charges of £3.5m due to the remaining costs of defending GEC's unsuccessful takeover bid, bringing the total defence costs to £7.5m.

Plessey's order book stood at £1,412m at the end of September. At the end of March, it was £1,365m.

The company's average workforce in the first half was 32,528, down 2,753 on the same period last year.

The electronic systems and equipment division, which sells mainly defence equipment, saw operating profits rise by 15.5 per cent in the first half to £21.8m (£18.7m) on turnover of £224.8m (£224.7m), despite a lack of growth in the tactical radio market.

In the aerospace and engineering division, operating profits in the first half fell by 21 per cent to £8.6m (£10.9m) on turnover of £55.4m (£59.4m). The company blamed this on the costs of moving its US dynamics business to new premises and on the exceptional sales last year of spare parts.

Operating profits in microelectronics and components in the first half fell 9.7 per cent to £6.5m (£7.2m) on sales of £71.7m (£79.7m), which the company said was due to the downturn in the market worldwide.

The computer peripherals business, which the company has previously said it should not be in, made no profit (£0.3m) on sales of £14.8m (£17.9m) in the first half.

See Lex

Wiggins Teape in £50m Spanish buy

By Tony Jackson

Wiggins Teape, the paper-making subsidiary of BAT Industries, is in talks over an estimated £50m purchase of Celulosas de Asturias (CEASA), a Spanish pulp maker, from the Spanish bank Banco Espanol de Credito.

CEASA has a 130,000 tonne eucalyptus pulp mill at Navia on the north west coast of Spain. Wiggins Teape is Europe's biggest buyer of eucalyptus pulp, using over 120,000 tonnes a year in the manufacture of its specialist range of papers.

Wiggins Teape already has large eucalyptus interests in Brazil, and last year took a 42 per cent stake in a $500m project for an integrated eucalyptus mill in Portugal.

Unlike the Portuguese mill, CEASA does not own its own woodlands, being supplied instead by local growers. It also produces pulp only, rather than being integrated through to paper production. It seems likely that Wiggins Teape will consider adding a paper machine to the mill, as is being done in Portugal.

Wiggins Teape said there was significant potential for increased output of eucalyptus in the region, through higher yields and extra planting. It expected the trend to greater use of eucalyptus for speciality papers in Europe to continue.

Eucalyptus has been of increasing importance to the world paper industry over the past decade, primarily because its faster growing rate compared to conifers makes it a cheaper source of pulp.

Wiggins Teape uses eucalyptus in its plants in the UK, Belgium and Italy. CEASA sells to the Spanish market and exports to the UK, Germany and France.

Higher margins at Staveley

RECORD SALES and improved margins enabled Staveley Industries to lift its profits to £4.38m pre-tax in the 26 weeks ended September 27, an improvement of 34 per cent over last time's £3.27m.

All parts of the group, other than the US interests in NDT systems, showed satisfactory growth and the directors anticipated yesterday that the year-end results would be ahead of those for last year.

They said the group was continuing its policy of increasing its presence in those key areas offering future growth while at the same time reviewing its position in older technologies.

First-half turnover pushed ahead from £80.8m to £94.06m and operating profits from £3.88m to £5.11m. Operating margins improved from 4.8 per cent to 5.43 per cent — the group has interests in industrial measurement, engineering, contracting and salt products.

Interest charges increased by the additional borrowings consolidated through the increase in the group's shareholding of National Controls, of Santa Rosa, California, to 56.9 per cent in July.

Tax accounted for £877,000 (£785,000) and minorities for £89,000 (nil).

Available profits worked through at £3.42m, against a previous £2.49m, and the interim dividend is being lifted by 0.5p to 6p net per £1 share. Earnings rose by 5.4p to 20.6p.

For the full 1985-86 year the group saw its profits surge by 31 per cent to £10.8m.

● comment

Although Staveley sits in the engineering sector, the majority of its profits normally come from minerals, via its British Salt subsidiary. A Monopolies Commission report has limited future salt price rises, but the fall in fuel prices led to improved margins without the need for higher salt prices this half. Winter, when salt becomes a road clearer, is yet to come. Of the 16 per cent increase in sales, half came as a result of the first-time inclusion of NCI as a subsidiary and half from the electrical and mechanical services division. Elsewhere, margins were improved as the group cut back on activities like overseas contracting, although the NDT subsidiary was affected by the lumpiness of defence spending. For the full year, pre-tax profits should hit £13.5—and the shares at 580p up 2p, look cheap on a prospective p/e of 9, especially since the low gearing gives the group plenty of scope for acquisitions.

Merrett profits surge to £5m

BY NICK BUNKER, INSURANCE CORRESPONDENT

Merrett Holdings, one of the biggest insurance underwriting agencies at Lloyd's of London, reported pre-tax profits of £5m in the first half of 1986, more than treble the 1985 interim figure of £1.34m.

After-tax profits were £2.5m (£654,000), with earnings per share of 12.47p (3.27p). The company did not declare an interim dividend.

The interim results showed the impact of better profit commissions earned on the 1983 Lloyd's underwriting accounts of Merrett's marine and aviation syndicates, said Mr Stephen Merrett, chairman.

But earnings from commissions on Merrett's non-marine syndicates had been disappointing, he added. Current experience on the motor and aviation syndicates showed grounds for optimism, while the dramatic improvement in premium rates in the non-marine market suggested a return to satisfactory profit commissions there after 1987.

Mr Merrett forecast full-year 1986 group profits of about £5.5m. But he added it would not be sensible to begin paying interim dividends yet, in view of cash used during 1986 for acquisitions of other Lloyd's underwriting agencies and Warwick Insurance Company, a motor insurer.

Merrett is expecting to increase the premium income capacity of the syndicates it manages at Lloyd's by £75m, or 18 per cent, in 1987. The company is appealing against a Lloyd's decision to restrict the premium income of syndicate 799, one of the biggest non-marine syndicates at Lloyd's, to 85 per cent of gross capacity.

REA HOLDINGS: Company has agreed to purchase White Sea Holdings for £242,000 to be satisfied by the issue of Rea ordinary, of which 77 per cent will initially be retained by the vendors and the balance would be placed on their behalf. Number of ordinary to be issued to be determined by reference to market price during next week.

LWT 65% profit surge to £14m

BY ALICE RAWSTHORN

London Weekend Television yesterday announced a 65 per cent increase in pre-tax profits to £13.7m in the last financial year. The company's performance was buoyed by brisk growth in advertising revenue.

Turnover fell to £157.8m (£159.46m) in the year to July 27, chiefly because of the deconsolidation of Century Hutchinson, the book publishing company, in which LWT has reduced its holding to 25 per cent and which contributed sales of £80m last year.

Advertising revenue, which is LWT's staple source of profit, rose by 21 per cent, slightly faster than the independent television industry average. Overseas programme sales contributed £6m to this set of results and profits of around £3m, chiefly thanks to the success of series such as Dempsey and Makepeace, and Marlowe, Private Eye.

The travel subsidiary, Page & Moy, fared well, producing pre-tax profits of £902,000. Century Hutchinson operated at a small loss but has returned to profit in the current year. The electronic equipment subsidiary, Dynamic Technology, also operated at a modest loss. LWT is now in the throes of selling the company to its management through a buy-out which should be concluded early next year.

Group profits increased to £18.77m (£10.36m). The levy payable to the Exchequer also rose to £5.08m (£301,000). But LWT has benefited from an exceptional credit of £908,000. This is due to an overly prudent provision of £1.88m which the company made in 1984-85 when the advertising market was depressed and it looked as if its levy payment would be reduced in 1985-86.

LWT made the provision for two years of levy relief on its IBA loans for the start-up of Channel 4. The recovery of the advertising market ensured that the provision for 1985-86 was unnecessary.

Earnings per share—which benefited from a fall in the tax charge to 44 per cent—almost doubled to 42.93p (23.01p). A final dividend of 12.465p is proposed, making 18.15p (14.4p) for the year.

According to LWT's chairman, Mr Christopher Bland, the "new financial year has got off to an outstanding start" and the board is confident that the first half will sport further profits growth.

● comment

Unpredictable as it tends to be the television industry often catches the City unawares. This set of results was no exception, soaring ahead of some expectations and slipping below others. Nonetheless the share price rose by 13p to 469p yesterday. Aided and abetted by its fellow London station, Thames, LWT has increased its share of network revenue in the past year. Overall network growth should be restricted to more modest levels from the New Year onwards and the northern stations from which LWT and Thames have been poaching revenue may muster doughtier defences. LWT could pay the price for a rising share and face an increase in industry costs, but the savings from Levy reform, which produced £300,000 or so in 1985-86, could reach £800,000. A further fall in the tax charge, to 40 per cent, should boost earnings per share and the City expects profits of £16m. The prospective p/e of 8.5 suggests that the share price, buoyed in recent months after a flurry of re-rating notices, may move with the market for a while.

Maxwell pledge fails to increase buy-out terms

BY DAVID GOODHART

THE MANAGEMENT buy-out offer for McCorquodale was not increased above its current 310p a share level yesterday despite Mr Robert Maxwell's pledge on Wednesday night to switch support to the buy-out on the understanding that it would be increased.

Mr Maxwell has already irrevocably pledged 19.1 per cent out of his 22.5 per cent stake in McCorquodale to rival bidder Norton Opax whose bid finally closes a week today.

However, he indicated that the 3.5 per cent that was not pledged would now go to the buy-out and that if the Norton bid lapses the whole stake would go to the buy-out.

His agreement to pledge his whole stake to the buy-out in the event of Norton lapsing is important because of the possibility that minority shareholders could effectively block the buy-out.

Some of Mr Maxwell's advisers appeared surprised yesterday that the buy-out offer had not been increased to 315p a share as they expected.

It may indicate that the buy-out's advisers have decided that a second increase to a bid which was said to be a full price at 300p a share would be difficult to sustain.

Land Securities growth slowed by interest leap

Land Securities, the UK's largest property developer, raised interim pre-tax profits by 7 per cent from £54.2m to £58.1m. The result, however, was slightly below the City's best expectations and the shares fell 1p to 342p.

Profits growth was affected by a jump in interest charges. Second-half profits are not expected to differ materially from the first six months. For the year ended March 31, 1986, the company achieved an 18 per cent rise to £112.9m.

Earnings per £1 share increased from 6.46p to 7.51p for the first half. The net interim dividend is stepped up to 3.25p (2.9p)—last year's final was 6.9p.

Total income at halfway increased from £81.8m to £97.6m, with rental income ahead £11.1m to £85.2m. Interest added £6.1m (£1.4m) while service charges and other recoveries were unchanged at £6.3m.

Ground rents payable were £5.6m (£5.4m), other property outgoings took £8.7m (£7.8m) and administration expenses £5.4m (£5.1m). Interest payable more than doubled from £9.3m to £19.8m.

Tax charge was £20.3m (£21.7m) computed at the standard rate of 35 per cent (40 per cent). However, the charge for the year will reflect relief arising on expenditure on properties and other adjustments.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bank of Ireland ...int	13.25	Dec 15	3.25*	—	10.25*
M. J. Gleeson	4.28	—	3.87	5.91	5.37
Hampton Trust ...int	0.5	Jan 8	0.35	—	1
Hanover Druce ...int	1.2	Dec 19	1.1	—	3.5
High Point Services ...	†nil	—	2.5	1.75	4
Land Securities ...int	3.25	Dec 15	2.9	—	9.8
LWT (Holdings)	12.46	Jan 2	9.23	18.15	14.4
Mitchell Somers ...int	1.75	—	1.75	—	3.85
Readicut ....int	0.25	Jan 6	0.17	—	1.63
Staveley Inds ......int	6	—	5.5	—	17.5
Storehouse ....int	2.3	Feb 16	—	—	—
Valor ....int	1.53	Jan 17	1.36	—	5.13
John Waddington ...int	2.9	Jan 5	2.6*	—	5.2*
Wellcome	1.32	Jan 27	—	1.32	—

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock. ¶ Irish currency.

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UK COMPANY NEWS

Brierley spends £40m to increase OT&T stake

BY TERRY POVEY

MR RON BRIERLEY yesterday morning spent over £40m increasing his IEP (UK)'s stake in bid target Ocean Transport & Trading from 10 per cent to almost 24 per cent.

Also yesterday, Ocean wrote to shareholders stating that Mr Brierley's £306m increased bid worth 260p a share still seriously undervalued the company, did not include any premium for control and therefore should be rejected. Ocean closed last night up 4½p at 254½p.

On Sunday, Mr Brierley suggested to television viewers that he would not be buying shares on the market in the shipping, freight forwarding, fuel distribution, storage and waste management group.

However, yesterday he said that purchases of 15.84m Ocean shares—all done at the bid level—were made so as to get the momentum going and were of considerable "psychological value."

Mr Brierley can buy up to 29.9 per cent—but yesterday he indicated that he would await reaction from the market and major shareholders before making any further purchases.

In the latest defence document, Mr Bill Menzies-Wilson, Ocean's chairman, says: "The Brierley group has a reputation for buying assets cheaply. The bid still represents a poorly disguised attempt to further that deputation at the expenses of Ocean's shareholders."

He asks shareholders to "bear this in mind when considering Mr Brierley's colourful and often erroneous rhetoric."

Ocean argues that the inclusion of an £1.8m exceptional exchange loss in the calculation of prospective earnings has led IEP to overstate the value of its offer. Mr Brierley's offer is only 13 times prospective earnings on this basis, claims Ocean.

On behalf of IEP (UK), Mr Brierley said that Ocean "remained strangely quiet about the impact on its asset value of recent ship sales." "There is no overall asset figure given but we believe the bid we have made reaches the full value of the company."

In addition to IEP (UK), fund managers M & G have also been actively buying in the market. After purchases in the first few days of this week M & G held just over 15m shares or 13.1 per cent of Ocean.

According to Mr Menzies-Wilson, M & G were firmly committed to backing Ocean and rejecting the IEP (UK) bid.

Andrew Gowers profiles the British Sugar chief

A fiery baptism for Jacobs

MR PETER JACOBS, the managing director of British Sugar, must have had a baptism as fiery as that of any UK chief executive this year. After four and a half months with the company, he said yesterday that it feels more like five years.

A blunt Glaswegian with a wry sense of humour, he took charge of the beet refining monopoly — a subsidiary of *S & W Berisford, the commodity trading group*—in July, when it was involved in fierce controversy on two fronts.

His predecessor, Mr Gordon Percival, had left under a cloud following a major row with Mr Ephraim Margulies, Berisford's chairman. And British Sugar was the ultimate object of a no less contentious takeover battle between two of the world's biggest sugar companies, Tate & Lyle, the UK cane refiner, and Ferruzzi, the Italian agricultural conglomerate.

Both potential bids are currently being examined by the Monopolies and Mergers Commission, which has this week been given until January 18 to complete its report.

At the centre of the storm, though, Mr Jacobs — who came from the strict management school of Mars Confectionery—is struggling to engineer a turnround in the company's fortunes, preparing it for the possibility that both bids might be blocked and British Sugar remain in the hands of its present parent.

Both Mr Margulies—who has been close to deals with Ferruzzi and Tate in the past—

Mr Peter Jacobs

and Mr Jacobs are giving every appearance these days of backing the Italian company, which is expected next week to sign a generous conditional deal giving it a 70 per cent stake in British Sugar for about £400m.

Mr Jacobs is dead set against Tate & Lyle, British Sugar's old rival, as a prospective owner. He says a merger with Tate would merely lead to cross subsidisation of cane refining by beet, and that Tate's bid attempt is "very largely defensive."

But Mr Jacobs's enthusiasm for Ferruzzi seems more nuanced than that of his boss. "If both bids are blocked, the status quo is not a bad second option," he says. Relations between Berisford and British Sugar are "improving" and Berisford is—he claims—"very happy" to continue with its 100 per cent ownership of the company with a view to undertaking all manner of unspecified investment projects in the area of agribusiness over the next few years.

One member of the Berisford camp puts it rather differently. "He's doing his damnest to slow it all down," he says. "It will not break his heart if it (the Ferruzzi deal) does not go through."

Mr Jacobs's immediate priority is to improve his company's profitability, which was suffering earlier this year under the influence of a price war in packet sugar, which British Sugar was accused of initiating in a bid to increase its market share.

All that appears to be at an end. Since July, there have been two price rises of £10 a tonne each in the retail market, and Mr Jacobs disowns the policy of his predecessor. "I can't see *the sense in a price war*," he says. "I've taken the emphasis off market share and put it back on to profitability."

There is also inevitable speculation among City analysts that, in the event that both bids are blocked, British Sugar might want to rationalise its operations by closing a refinery or two.

In any case, the effects of the pricing switch should start to show in British Sugar's 1985-86 results, published next month. And in one of the curious ironies with which the Berisford battle is peppered, the benefits will also be felt by Tate, which complained earlier this year that its cane-refining margins were disappearing.

EXTERNAL INVESTMENT Trust: Interim dividend 7.5p (6p) for six months to September 30 1986. Net asset value per £1 ordinary 717.5p (490.2p).

YEARLING bonds totalling £1m at 11 per cent, redeemable on November 18 1987, have been issued by the following local authorities: Newport Borough Council £0.5m; Metropolitan Police District (The Receiver for the) £0.5m.

DAVY'S offer for A. Monk is now wholly unconditional and will remain open for acceptances until further notice. At Tuesday's first closing date, acceptances of the offer on behalf of Davy had been received in respect of 5,277,594 Monk ordinary (48.8 per cent), *including* 13,493 shares purchased by a subsidiary of Davy since the offer was made. Davy now owns or has acceptances in respect of 9,873,701 shares (91.3 per cent).

Govett dissident spells out reasons

Mr Paul Oldham, investment manager of the British Steel pension fund and dissident director of two investment trusts within the John Govett stable, has spelt out his reasons for opposing the planned sale of the trusts' investment management company John Govett to Berkeley Technology.

He says the British Steel pension fund will vote against the proposals in respect of its 23 per cent stake in Govett Atlantic and its 16 per cent stake in Govett Oriental. The fund has been a long-term investor in the trusts, but now threatens to review its policy towards these holdings.

The pension fund wants the three Govett investment trusts (Govett Strategic is the third) to continue to hold a more than 50 per cent stake in the fund management company (they hold approximately 57 per cent at present).

This is to ensure that the management of the investment trusts "remains a priority of the fund management group." It would also, Mr Oldham claims, help to avoid conflicts of interest for John Govett. He suggests that alternative proposals should be sought which "could better fulfil the long-term interests of John Govett's clients, shareholders and employees."

B & C increases stake in Moorgate to 24.9%

British and Commonwealth Shipping (B&C), the financial services and transport group headed by Mr John Gunn, has increased its stake in Moorgate Mercantile Holdings from 20 to 24.96 per cent.

Moorgate provides instalment credit finance, mortgage and leasing facilities and certain types of insurance. It virtually doubled pre-tax profits to £851,000 in the six months ended September 1986.

B&C, which holds its stake through Bricomin Investments, a fully-owned subsidiary, first revealed it had a disclosable holding last March.

Mr Gunn said: "We have bought shares since when the price has been right. It is an *interesting company*." Moorgate's shares rose 4p to 62p yesterday.

Grosvenor Props in preliminary talks

Grosvenor Square Properties announced yesterday that it was in preliminary talks with another party which might lead to a an offer for the company.

The statement followed a *sharp rise yesterday in the* company's share price, which closed at 128p, up 28p on the day. In August the group announced a £78,000 pre-tax loss for 1985/6, compared with previous profits of £1.06m. Its development interests include the London Pavilion in Piccadilly Circus and the Colonnades shopping centre in Bath.

TR Natural should put more in Europe

TR Natural Resources Investment Trust is to study proposals from Platou Investments, its new Norwegian shareholder, to devote more of its portfolio to Europe.

Oslo-based Platou bought a 28.83 per *cent* stake *in* the listed investment trust earlier this month. At March 31 this year, the trust had less than 5 per cent of its investments in Europe.

TR Natural will also consider other suggestions by Platou, which said it inetnded to be a long-term investor. Mr Truls Persen, a Platou representative, and Mr Peter Kysel, the trust's manager, are to join its board.

Glasgow Stock

Shares in Glasgow Stockholders Trust yesterday closed at 161p, up 15p, after the board announced an approach had been received *which may lead to an offer.*

A. & J. MUCKLOW GROUP (property rentals, estate developer): AGM told that the new development programme was gathering momentum. New developments referred to in 1986 accounts would add over £700,000 pa to the annual rent roll. Profits in first three months were ahead of last year's and directors confident that current year would be one of further progress and steady improvement in profits.

EVERED HOLDINGS is to acquire Integrated Holdings for approximately £213,000, satisfield by the issue of 104,926 ordinary shares.

INOCO (petrol, oil and gas interests) has acquired the Rangoon Company NV from Monaco Group SA. It has also acquired portfolio of income producing office, shop and commercial properties for £5.25m from an associate of Monaco to be satisfied by the issue of 10m ordinary shares at 30p per share and the balance in cash.

UK COMPANY NEWS

Storehouse opens with profits up 20% to £37m

BY CLAY HARRIS

Storehouse, the retail group headed by Sir Terence Conran, increased pre-tax profits by 20 per cent to £37.14m in the 24 weeks to *September 13, the first* full accounting period since the merger early this year of Habitat, Mothercare and British Home Stores.

Turnover from continuing operations rose by 8 per cent to nearly £432.9m.

Sir Terence said that the results confirmed management's faith in the commercial sense of the merger.

The overall profits advance obscured a 10 per cent decline at Habitat and a rise of less than 1 per cent at Mothercare. Profits would have matched *respective* sales growth of 14 per cent and 7 per cent, the company said, if investment in new warehouse facilities had not increased fixed costs by 35 per cent in both cases.

Habitat's new 150,000 sq ft warehouse at *Wallingford*, Oxon, and Mothercare's 250,000 sq ft facility at Wellingborough, Northants, are part of the group's £100m investment this year in refurbishment, fitting of new stores and improving its distribution network.

Sir Terence Conran, chairman of Storehouse

The 127 BHS stores, which received a *simultaneous* facelift at the end of the reporting period, increased profits by 22 per cent to £18.5m on sales 6.4 per cent ahead at £210.3m. The company also took an extraordinary charge of £712,000 *relating to additional* redundancy costs as a result of BHS's withdrawal *from food sales.*

Contributions from the 48 per cent stake in Richards and the 50 per cent share in SavaCentre more than doubled from £1.69m to £3.4m. *Storehouse* raised its holding in Richards to 96 per cent at the end of the period.

European stores returned to profit and the US operation cut its losses from £600,000 to £400,000, with a profit for the year *as a whole expected.*

Introduction of Storecard, a new group-wide credit card created as a joint venture with Citicorp, would cost £500,000 in the next financial year. Mothercare alone was accepting 1,000 new accounts per week, and the group was aiming for a *minimum of 1m cardholders.*

Interest charges and financial items *fell from* £3.16m to £1.79m as the result of loan stock conversions. After a tax charge of £12.26m and the £712,000 BHS charge, net profit amounted to £24.17m.

Interim dividend was increased to 2.3p, a 15 per cent rise on the notional 2p in the comparable period. Earnings per share grew to 6.22p (5.97p) or 6.14p (5.83p) fully diluted.

See Lex

Deposit and lending drop hits Bank of Ireland

Pre-tax profits for the six months to September 30 1986 at the Bank of Ireland were hit by loss of deposits from the domestic banking system coupled with less than anticipated lending volumes which had the effect of slowing the rate of income increase so that it lagged behind operation costs.

Overall profits fell from I£42m (I£40.2m) last time to I£39.3m. Of these, contributions from the bank fell by 22 per cent from I£35.8m to I£27.9m while input from subsidiaries rose 28.9 per cent from I£8.3m to I£10.7m.

The court of directors said it expected attributable profits for the year to be broadly in line with the I£43.9m last time.

However, it added that as a result of the unsettled conditions in Irish financial markets it *found it difficult to form a view for the year as a whole.*

After tax charges amounting to I£10.4m (I£12.7m), earnings per share worked through at 17.9p, down from a scrip issue-adjusted figure of 18.9p. The interim is 3.85p (3.25p adjusted).

● **comment**

The Bank of Ireland draws 80 per cent of its income from within the Republic — unlike its major competitor Allied Irish Banks which obtains half from overseas. However, zero growth in domestic retail banking is not good news for either bank. BoI's deposit base is I£200m down on management expectations, the ratio of operating expenses to income has risen to perilously close to 70 per cent, and the absolute increase in overheads against the September 1985 level is about four times the drop in the respective bad provisions. Naturally enough BoI is looking for something significant overseas — almost certainly among the US regional banks. An expansion of UK-based funds under management is also a possibility. Given the fall at the pre-tax level (in spite of the I£4m lower provision) and the warning that attributable profits this year will not exceed last year's I£44m by much, it is not surprising that the shares dropped 2p to 193p — reversing Wednesday's move upwards made in tandem with AIB. Pre-tax forecasts of I£90m suggests a prospective multiple of 6, which seems about right.

Confident Valor makes £3.5m

WITH FIRST half profits of £3.5m and strong order books Valor is lifting its interim dividend by 12.5 per cent, from 1.358p to 1.528p net.

With the help of a seasonable winter, the directors said they looked forward to an even better result at the year-end, and would be looking for a similar increase in the final dividend (last year 3.769p).

For the 26 weeks ended April 1, 1986 the group produced a turnover of £62.63m. Last time the interim profit was £2.79m but the two periods were not directly comparable since last year the group replaced the *manufacture* of motor components, direct sales of kitchens, and its South African offshoot, with the businesses in the electrical appliance sector.

The group is engaged in the manufacture of gas appliances and heaters, electrical water heaters (showers), Dreamland and Breville small appliances, and Magimix food processors.

For the full year ended March 31, 1986 the group finished with turnover of £120.68m and *a pre-tax profit* of £8.1m.

The directors considered that the privatisation of British Gas would call for greater flair with more new-look showrooms displaying a wider range of products.

Three factories in the south of England were to be redeveloped. Finance would come from the sale of surplus land and it was hoped negotiations would be concluded in the coming year.

● **comment**

Valor now seems to have enough products to fill every room in the average household *from* electric duvets with dual control to cordless electric whisks. A common feature in Valor's new goods is the extra margins that come from providing "add-ons" which make the public willing to pay higher prices. Electrical goods have now passed the 35 per cent of turnover that was previously the management's target and 50 per cent is now the aim. That could involve an acquisition in the near future. How much the British Gas flotation will affect demand for Valor products is open to question but with order books strong and new ranges planned, full year pre-tax profits are likely to hit £10.5m. Although the shares are at a peak for this year, the prospective p/e of 11 does not seem to demand too much of a company which has quadrupled its profits in the past four years.

Hanover Druce profits leap: £3m placing

Hanover Druce, the estate agency and property-related financial services group, yesterday announced a 92 per cent leap in interim profits and a placing of convertible preference shares to raise £3.125m, net of expenses.

The company is placing 3.25m 6.75 per cent convertible preference shares of £1 each at par. Stockbrokers James Capel and Co. will place the new shares with institutional investors and the proceeds will be used to facilitate the continued expansion of the group, both organically and by further acquisitions.

All divisions contributed to the jump in group pre-tax profits from £401,000 to £768,000 for the six months to August 31 1986, on turnover up 51 per cent to £5.78m.

Earnings per 10p share more than doubled from 4.7p to 9.5p and the interim dividend is being increased to 1.2p (1.1p). Dr Isidore Redstone, the chairman, said that the second half had started well and the board was *confident that full-year* results would be very satisfactory.

The company is proposing to utilise the share premium account which amounted to £1.23m at February 28 1986, in *order to create a reserve against* which goodwill arising on acquisition of a business can be written off.

Readicut jumps 78% to top £3m mark midway

Readicut International, the specialist textiles group, yesterday reported a 78 per cent lift in interim profits to over £3m, which represented its best *first-half performance* since the record result achieved in 1978.

Major profit improvements were produced by carpets, yarns and fibres and industrial products and services. Firth Carpets in particular achieved an impressive profit level, the company said.

Readicut said that activity levels were high in most companies and there was no reason at this stage to be other than confident about the full year outcome. Last year, pre-tax profits totalled £5.64m.

Turnover for the half-year rose 12 per cent to £63.62m (£57.02m). While trading profits were some £1m higher at £3.73m, pre-tax figures of *£3.02m (£1.7m) benefited from* a reduction in interest charges from £1.05m to £711,000.

Comparisons have been restated to reflect the change in treatment of leased assets effected in the full year's accounts.

Partly to reduce disparity, the interim dividend is raised *from 0.165p to 0.25p net; an in*creased final is forecast—last year's final was 1.465p. Stated mid-year earnings were up from 1.33p to 1.92p.

Tax charge was £1.03m (£603,000) and last time there was *also an* extraordinary charge of £109,000.

● **comment**

Although the pre-tax figure is flattered by the contribution of two rubber product companies bought too late to affect the first half of last year, the underlying growth, *as reflected in a 44 per* cent rise in earnings per share, is better than expected. That cut little ice with investors yesterday and shares remained virtually where they started, at 45½p. Part of the problem is Readicut's exposure to the car industry, which provides about 20 per cent of turnover and profits. The company may also be a victim of its success: it has made excellent progress in improving margins during the last few years but the ability to increase profitability through further strides in efficiency is clearly limited. Strengths in the carpet division, which supplies Marks and Spencer, and in yarns and fibres will help to put profits for this year at about £7.5m. The resultant p/e of about 9.5 is low for the sector but a re-rating depends on Readicut pulling off an imaginative acquisition.

J. E. England losses rise

Losses of J. E. England & Sons, produce supplier and convenience food merchant, rose from £33,000 to £230,000 in the half year to June 28, 1986. However, £217,881 of the loss was incurred by Mosspack (Potatoes), the subsidiary recently sold off to its management for £27,000. The continuing businesses are now trading profitably.

Contracts have been exchanged to dispose of the group's head office for £70,000 and the directors have also conditionally agreed to purchase two freehold properties in Nottingham for a total £310,000 from group cash resources.

The group's cash resources will be boosted by a net *£600,000 due to the repayment* to it of a surplus arising in the employee benefits plan. Negotiations are in hand to dispose of part of the properties to a brewery company and to a fast food retailer for some £400,000.

Gleeson moves ahead 13%

M. J. Gleeson Group, the civil engineer and property developer, saw *pre-tax profits* rise by 13 per cent from £5m *to £5.66m on turnover up 26* per cent at £77m (£61m) in the year to June 30 1986.

The directors said that it was likely that the higher level of turnover achieved in the year would be maintained with an increasing contribution from the group's residential estate *developments.*

They added that as there was the certainty of higher rents receivable, they were confident about current year profits.

Rents and interest receivable rose slightly from £2.3m to £2.4m.

After tax of £2.2m (£2m), earnings per share worked through *at* 35.07p (29.62p).

The final dividend is 4.26p (3.87p), making a total for the year of 5.91p (5.37p).

Bryant rejects ECC offer

Bryant Holdings, the Midlands housebuilder, said yesterday that a proposed £136m *takeover offer* by English China Clays, the Cornish quarrying and *construction group, would* be unwelcome and totally inadequate.

Top management from the two companies were meeting last *night in* Bristol to discuss the bid approach, which was announced on Wednesday.

EEC shares lost another 15p yesterday to 317p, where its *mooted three-for-seven share* offer values Bryant shares at *135.8p.* Bryant shares moved well above this level, adding 5½p to close at 144p.

EEC's suggested offer completely undervalued Bryant's business, *Mr Chris* Bryant, chairman, said yesterday. The fall in the EEC share price underlined the weakness of its case.

HAMPTON TRUST (property, mining and exploration)—for half year ended September 30 1986 pre-tax profit £637,000 (£219,000) reflecting rental income £2.76m (£956,000) and interest paid £1.88m (£746,000). Earnings 0.63p (0.27p) and interim dividend 0.5p (0.35p) net. Issued capital now *67.59m* 5p shares following allotment of 3.6m *against* acquisition *of* freehold and leasehold interests producing £117,500 annually. Contracts exchanged for investment in Brighton with income £141,000.

UK COMPANY NEWS

ISSUE NEWS

Mr Richard Branson gives a helping hand as bank staff count the applications for shares in his company

Waddington lifts profits 60% and makes £22m cash call

BY NIKKI TAIT

JOHN WADDINGTON, the packaging and games group which narrowly escaped Mr Robert Maxwell's clutches two years ago, is raising £22.4m via a one-for-four rights issue at 180p.

The money will be used to expand its plastic packaging interests.

Yesterday — four weeks early —Waddington also released figures for the 27 weeks to October 4, showing a 60 per cent increase in pre-tax profits at £5.1m, and sales 47 per cent higher at £65.9m.

Since seeing off Mr Maxwell, Waddington has been active on the acquisitions front and the first half figures contain the first full contribution from Comet, a Boston-based plastic container manufacturer, Label Converters, which makes a variety of self-adhesive labels, and Canadian games business Be Saunders.

The contributions of these new packaging companies exceeded expectations, Waddington said. Comet had given it a foothold for "dual ovenable trays" — which can be popped into the growing number of microwave ovens — and capacity there was being increased.

Results from the UK plastics businesses were also encouraging. Together, the acquisitions plus organic growth pushed trading profit from packaging 91 per cent higher at £3.77m. Sales in this division rose from £18.5m to £33.5m.

On the business forms and security printing side, there were undisclosed exceptional costs taken above the line as operations were reorganised, leaving trading profits only marginally ahead at £1.2m (£1.1m).

Waddington said the results from the business forms side improved and stamp printing was satisfactory. However, results from Eyre & Spottiswoode, which prints legal and other confidential documents, were disappointing and new management had been brought in. Sales for the division overall were £19.5m (£17.6m).

Games now account for a much smaller share of Waddington's total business and in the less important first half, turned in trading profits of £1m compared with £769,000 in the first half last time. Sales—helped by the Canadian acquisition—were 49 per cent higher at £8.7m.

Interest charges in the first half increased from £654,000 to £874,000, with debt standing at £16.6m at the beginning of November.

With a tax charge of £1.28m (£702,000), net profits rose from £2.5m to £3.84m. The interim dividend is being increased by 11.5 per cent to 2.9p a share.

Mr Victor Watson, Waddington chairman, said that around £9m (£6.3m) from the rights issue would be used to expand the Comet operation—£4m going into new plant and equipment and £5m towards the purchases of a freehold, which would then save lease payments of £594,000 a year.

Another £4m would be spent on extending and reorganising production facilities in the UK —principally on the plastic packaging side.

The remaining cash would reduce debt immediately, but the company was looking at a number of potential acquisition—and some of these were likely to be in the US.

Berkeley agrees £14m merger with Clyde

BY LUCY KELLAWAY

Berkeley Exploration and Production, the USM-quoted oil company, was yesterday rescued from an unwanted bid from Ranger Oil the Canadian energy group, as Clyde Petroleum, a fellow UK independent, came up with an agreed higher offer.

The all share deal values Berkeley at £14m, based on a Clyde share price of 52p. Shareholders are also being offered a cash alternative of 51.7p a share, compared to the 45p on the table from Ranger.

By yesterday afternoon both companies were purring over the deal.

Mr Colin Phipps, chairman of Clyde, said: "This is very interesting merger with tremendous synergy. It is a logical combination of assets, gives us scale, spread and a lot of muscle."

The combined group will have interests in 77 offshore and 38 onshore blocks, with total proven and probable reserves of 81m barrels, making it one of the largest UK independent oil companies.

Clyde also announced yesterday that it was swapping some og its onshore acreage for offshore acreage owned by Phillips Petroleum.

Mr Phipps said this deal dovetailed neatly with the Berkeley merger, as six of the eight offshore interests being acquired are blocks in which Berkeley has a stake.

Mr Andrew Wilson, managing director of Berkeley yesterday expressed relief at the offer and said: "It had bcome very difficult for us to remain independent, and now we've found a UK company for which our acreage, particularly our gas acreage, forms an important part of the whole group."

The deal is part of a rationalisation that has been underway in the sector for the last two years in which many of the smaller companies have already merged or been taken-over.

Clyde has already agreed to buy 25 per cent of Berkeley's shares on the same terms as those being offered to shareholders—11 Clyde shares for every 10 Berkeley. It has also received undertakings to accept the offer from a further 2 per cent of the shareholders.

The offer will release Ranger Oil from acquiring Berkeley. Ranger discovered recently that by taking over Berkeley it could not, as it had previously thought, be guaranteed to win its heated battle over the operatorship of two North Sea blocks.

Mitchell Somers static

A disappointing performance from its traditional engineering areas, left Mitchell Somers, West Midlands engineer and forgemaster, with pre-tax profits only 3 per cent higher at £957,000 for the six months to September 27, 1986, compared with £927,000.

On the stock market, the shares were marked down 1p to 118p.

Progress was being made with the task of transferring investment into more rewarding areas, the company said. The next six months would see further developments towards the defined goals, but the resultant profit improvements might not appear until 1987.

First-half turnover rose from £13.9m to £15.54m. Earnings per 10p share were 3.9p (3.5p) and the interim dividend is maintained at 1.75p—last year's final was 2.1p on £2.43m profits.

IBC placing to raise £4.6m for expansion

BY PHILIP COGGAN

International Business Communications (Holdings), the acquisitive conference and publishing group, has announced a £4.6m share placing and the disposal of Running magazine.

Just over 5m new ordinary shares at 95p each are being placed by Capel-Cure Myers, representing just over 21 per cent of the enlargel share capital. The directors, who currently hold 59 per cent of the shares, will not be subscribing and their stake will fall to 45 per cent.

The proceeds will be used to pay off part of the borrowings incurred during the purchase of International Insider in August, and to fund future acquisitions. Since November 1985, when Oyez IBC reversed into RTD, a listed Irish engineering company, the group has als o acquired Stonehart Publications and Agra Europe.

Running magazine is part of the Stonehart group, but its consumer slant is out of step with IBC's general strategy of concentrating on business newsletters and conferences. It is being sold to Dawnprobe, a company controlled by Mr S. R. Stein, the former majority shareholder in Stonehart.

Under the terms of the deal, the entire share capital of Stonehart Leisure, the subsidiary which operates Running, will be sold to Dawnprobe for £10,000 and inter-company debt of £840,000 will be repaid. Further repayments will be made in three years time. IBC considers that the effect of the disposal will be revenue neutral.

For the financial year ending December 31, IBC is forecasting pre-tax profits of £1.8m and on a pro-forma basis, treating the recent acquisitions on a merger rather than an equity basis, profits will be £2.3m.

L & M offer meets heavy response

The offer for sale of shares in London and Metropolitan, the property development group, received a warm welcome from investors being 30 times subscribed. Around 66,000 valid applications were received for approximately 714m shares, compared with the 23.6m on offer at 145p each. The total subscription was over £1bn.

All preferential applications from employees, representing 1.09m shares, will be allocated in full. Preferential applications from shareholders of London & Edinburgh Trust, the company which, together with Balfour Beatty, previously owned L & M, will have shares allocated as follows: applicants for 200 to 1,000 shares — 200; 1,500 to 10,000—1,000; 15,000 to 80,000—1,550; 100,000 and above —the lower of 3 per cent or 5.000.

Other applications will be treated thus: below 7,000—a one in ten ballot for 200 shares; 7,000 to 18,450—200; 20,000 to 70,000—2 per cent of applications; 800,000 to 980,000—50,000: and 995,000 and above —100,000.

Plumb makes its USM debut valued at £11.3m

PLUMB HOLDINGS, a shopfitting and interior contracting company, is joining the Unlisted Securities Market through a placing of shares which will value its business at £11.3m.

The company dates back to the 1870s and was acquired by the Owen Owen chain of department stores in 1964. In 1983 four of Plumb's directors staged a management buy-out, raising £1.25m to purchase the company.

Plumb is now active in the spheres of interior contracting and furnishing for shops, department stores, hotels, offices and leisure centres. Its clients include Argos, the Burton Group, Rank Hotels, Bass Charrington and the Tate Gallery.

Turnover has risen from £7.96m, in the financial year before the buy-out, to £18.91m in the last financial year to January 25. Pre-tax profits rose from £284,000 to £817,000 in the same period. The board anticipates pre-tax profits of £1.3m in the current financial year.

In the placing Plumb will release 2.5m shares, or 20 per cent of its equity, at 90p a share. This produces a prospective p/e of 13.3 and a notional net dividend of 3p. The placing is sponsored by Scrimgeour Vickers; three market makers — County Bisgood, Smith New Court and Scrimgeous Vickers Trading — have agreed to make markets in Plumb's shares.

The flotation will generate £1.8m in cash which will be divided between the four directors who funded the buy-out, and £450,000 for the company. This will be used to purchase land to extend Plumb's production facilities. In the longer term, the company envisages staging acquisitions in related areas of activity.

BBK rights result

The rights issue by Brown Boveri Kent, industrial instrument maker, attracted acceptances in respect of 10.45m shares (96 per cent). The 404,225 new shares not taken up were sold in the market at an average price of 1.78p (after deduction of issue price and sale expenses).

TOWN CENTRE SECURITIES (Property investment and development): Final dividend 0.7p (0.6p), making 1.1p (1p) for year ended June 30 1986. Gross rental and investment income £6.8m (£5.7m) and pre-tax profits £3m (£2.7m). Group revenue before interest charges £4.7m (£4.4m) and dealing profits from property and investments £844,000 (£219,000).

THE PROPERTY MARKET BY WILLIAM COCHRANE

RATING REFORM

Shops take the strain

A FORTNIGHT AGO, consultant chartered surveyors Gerald Eve & Company responded to the government's proposals for reform of the rating system, set out in its Green Paper "Paying for Local Government," with an analysis of the practical effects on non-domestic ratepayers.

Among other things, they calculated that prime shops faced an average rise in rate payments of 49 per cent; that the locations where rates will go up *most are not confined* to a single part of the country but tend to be in market towns and historic centres; and that rate payments could triple in the worst cases.

The green paper proposes two major reforms to the current, non-domestic rating system. The first is notable in political terms and the second in its *potential impact* on retailing and the retail property market.

It says that the power of setting non-domestic rates should be transferred to central government which would set a uniform national business rate (UBR). This, it argues, could end the distortion of competition which *arises simply* because a business is located in a particular district.

But it also proposes a revaluation of non-domestic properties, *for* England, like the one which led to a swingeing increase in rates liability in Scotland in 1985. This, say agents Debenham Tewson & Chinnocks in a *new report**, is the proposal which will have the most substantial impact.

Applying the effects of both UBR and revaluation, they say that Bristol, Oxford and *Canterbury* face substantially higher rates, that Croydon, Birmingham, Oxford Street in London's West End and Leeds will see some increase and that *Manchester will actually show* a decline.

For most of the big retailing *chains*, they note, a national spread of outlets should ensure that the result *of uniform* national rating, at least, will be close to neutral.

However, Mark Henderson, the firm's associate responsible for rating, comments that there are likely to be large relative increases for certain types of *retail property* such as out-of-town superstores and retail warehouses.

If the green paper proposals are fully implemented, the *commercial* ratepayer will face the combined effect of uniform rate poundage and revaluation in April, 1990.

Location and spread will play *a major part in determining* the cost changes likely to occur in that year for any particular retail chain: but a DT & C costing exercise, based on a major UK *fashion chain, reveals that* UBR with revaluation would lift rates per square foot by over 50 per cent, from £6 to nearly £10.

"*The impact on profitability* could be substantial," says the firm. "In this particular instance the rating reforms, chiefly revaluation, could potentially shave 5 per cent off the company's operating profit."

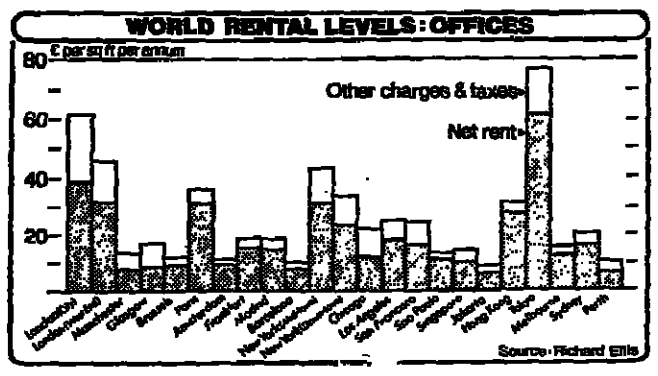
Over the past 7½ years, shop occupation costs have doubled in the overwhelming *majority* of centres in the firm's survey, reflecting the boom in consumer expenditure. After adjusting for inflation, rental costs have increased by almost 6 per cent since mid-1985—the *highest real annual* rate in the survey's seven year record—and the annual growth rate hit 8½ per cent in mid-1986.

This is balanced by the prospect of less rapidly rising consumer demand in future; a weakened balance of payments; *and what a credit squeeze could* do to the retail industry's plans for out-of-town expansion.

"Asda and Marks & Spencer," notes the survey, "are to finance their out of town expansion on the basis of long term debenture borrowings which have been a readily available tool for retailers. If restrictions on the *money market force interest* rates back to levels of 12 per cent or *higher* for any considerable period, then this facility will no longer be suitable."

**Shops: Rents and Rates 1978-1986, available from Debenham, Tewson & Chinnocks, 44, Brook Street, London, W1A 4NA. Price £10.*

Tokyo on top



TOKYO has overtaken the City of London as the most expensive office location in the world. The extent of its lead is due predominantly to the recent *dramatic weakening of sterling* against the yen; but there are also signs of movement in the basic rents.

Richard Ellis, in their latest world office rental survey, put total occupation *costs for prime* office space in Tokyo at £77 a foot, against £60.41 six months ago, while the City of London has only edged up from £60.65 to £61.65 per sq ft per annum.

In local currency terms Tokyo rents have moved, say Ellis, from Y12,400 a year ago, through Y13,000 last May to a present Y13,500. Ellis's research department say that Tokyo offices are in very short supply *in the city*'s main business districts and that, until a year ago, this was probably a constraint on rental performance due to the lack of deals.

However, *they say, firms* taking space in outlying districts have put pressure on the centre in 1986; *it* certainly gave the centre the evidence it needed to establish rents at a modestly higher level.

Elsewhere, rents for mid-town New York are quoted $2.50 a foot lower at $50 a sq ft, reflecting plentiful supply of space rather than the investment proposition — which is still valid — that traditional office locations on the Eastern Seaboard of the US will gather strength as the Sunbelt states go out *of* fashion.

In South America, the firm's hopes for Brazil's embryo commercial property market have been enhanced by the performance of Sao Paulo. *In terms* of the cruzado the city's rents have virtually doubled in a year from Cz 110.4 to Cz 200 per square metre per month.

Record deal in Madrid

A GROUP of Swiss businessmen is on the point of completing the purchase of Banco de Santander's main Madrid offices for Pta 10bn (£51m) in what agents for the buyers described as the biggest ever deal involving a single building in Spain and one of the biggest in Europe.

They said it also set a record for Spain in terms of price per square metre.

The group, which includes watch *manufacturer* Mr Pierre Blum and property developer Mr *Michel* Turin, negotiated the purchase following its unsuccessful bid in September in partnership with Spanish interests for the property division of Spain's *Rumasa* group, expropriated by the government in 1983. The Rumasa package, which included a twin-tower office complex *in Madrid, went to* Heron International of the UK for Pta 10.54bn.

Banco de Santander is to remain as tenant of the 20-floor office block on Madrid's Paseo de la Castellana for a minimum of three *and a maximum of* five years before moving to other premises on the same avenue. It was advised by Invercame, Hillier Parker's local partner.

The tower block comprises 36,000 square metres, including 25,000 square metres for office use.

DAVID WHITE

Mixed development seeks approval

HIGH-ECHELON opinion in the property industry appears *to be* turning in favour of mixed development, those combinations of retailing, offices, hotels and so on which were anathema to the UK institutional investment market a few short years ago.

A fortnight ago Honor Chapman, head of research at Jones Lang Wootton, argued strongly in *favour* of the genre in a keynote speech at the British Property Federation's Brighton conference. This week Sun Alliance, whose 158,000 Charter Place office scheme in Uxbridge in West London is nearing completion, went for another 41,000 sq ft of shops combined with *20,000 sq ft* of offices, plus car parking in an additional, £14m development for the town.

● Meanwhile, the flavour of summer 1986 lingered on as Paul Sykes (Developments), the company which actually got the go-ahead for a £100m, 1.3m sq ft shopping and leisure development in the Don Valley near Sheffield, added 40 acres to its site, lifting the total to 120 acres.

The additional area will allow for extensive environmental works, improve access and lift car parking from 8,000 to 12,000 spaces.

● *Town centre retailing* is represented this week by Land Securities and Pengap, which have combined to develop a 200,000 sq ft shopping scheme in Darlington. The centre will house two major stores and 75 shop units, complete for Christmas 1989 and will be valued at an estimated £45m.

● Pure office space in a high tech location *is the plan* for Bracknell, where Speyhawk has been granted detailed *planning approval* for a new 100,000 sq ft headquarters building, One Hundred Square, the Ring, to be built by Trollope & Colls.

● *High tech* finds *itself* in good company at Leatherhead, Surrey. Grosvenor Developments, the development arm of the Duke of *Westminster's* Grosvenor Estate, has joined with *Siefert, the* architects better known for major office projects, to develop 60,000 sq ft in three air-conditioned two-storey buildings, with 263 parking spaces in a landscaped setting.

● LS Vail's Hampshire office survey says that available space in the county is at its lowest level *since* the inception of the survey in April 1983.

● In Central London, Debenham Tewson & Chinnocks say *that space let, sold or placed* in October, totalling 1.17m sq ft, showed a rise over the previous month of 38 per cent.

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Ideal for high tech users. Freehold or flexible leaseholds available.
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TRAFFORD PARK. Freehold Factory/Warehouse. 35,700 sq. ft. with offices. Sprinklers, craneage, gas heating. Ref: RCB/RGT. Edward Symmons & Partners. tel: 061-832 8454.

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INVESTMENT. Vehicle Recovery Centre A1 (M) Doncaster for sale. Let to Ford main dealer on 25 year FR & I Lease with 5 year reviews at £10,000 p.a. Plus adjoining site with planning consent for 4,000 sq ft. Price £100,000. Sole Agent John Foord & Co. 01-402 8366.

BRIGHTON. Freehold shopping parade producing £15,195 pax including well known tenants with rent reviews in 1988. Price region £172,500. Sole Agents Goldenberg and Company, 39 Bruton Place, Berkeley Square, London W1X 7AB. Tel: 01-491 4101.

Auctions

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BOURNEMOUTH. Office Development Site in prime location with full P.P. 41,000 sq. ft. For Sale. Goadsby & Harding, 37 St. Peter's Road, Bournemouth. 0202 23491.

International Property

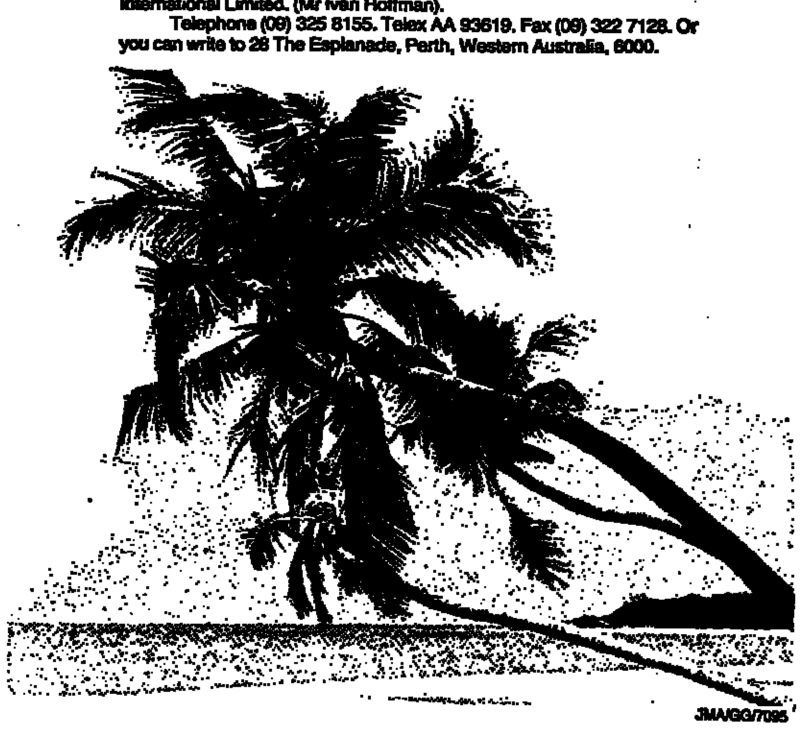
Pacific Island for Sale.

One hundred and seventy miles from Suva lies a tropical island of undreamt of beauty. Kanacea. Since the days of the Bounty, she's been enchanting travellers with her perfect, palm fringed beaches and coral lagoons. She's a South Seas island paradise most people would pay a fortune just to visit... you could own it freehold. To do with what you like.

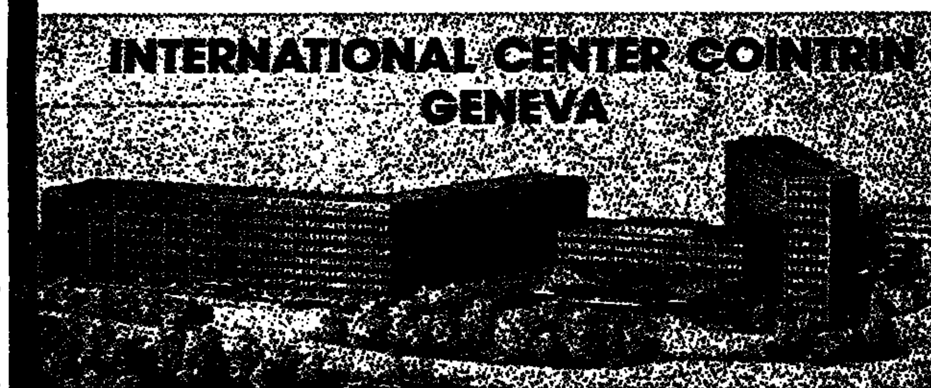
Although currently producing copra, Kanacea is ideally suited to becoming the most exotic personal retreat in the southern hemisphere. Or developed as an exclusive South Seas island holiday resort. The island is 3085 acres (1248 hectares) and boasts three main peaks of around 800 feet and three permanent freshwater springs. The asking price is $6 million (US).

Serious buyers can view a video guide to the island and obtain all necessary information by contacting the principals, Carpenter Holdings International Limited. (Mr Ivan Hoffman).

Telephone (09) 325 8155. Telex AA 93619. Fax (09) 322 7128. Or you can write to 28 The Esplanade, Perth, Western Australia, 6000.



ARE YOU LOOKING FOR LOCATION IN GENEVA?



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Please respond to Box T6419 Financial Times 10 Cannon St. London EC4P 4BY

Company Notices

THE YASUDA TRUST AND BANKING COMPANY, LIMITED

(Incorporated in Japan)

U.S.$5,000,000

Callable Negotiable Floating Rate Dollar Certificates of Deposit

Issued 17th December 1982
Maturity Date 21st December 1987
Optionally Callable in December 1986

NOTICE IS HEREBY GIVEN that pursuant to Clause 3 of the Certificates, The Yasuda Trust and Banking Company, Limited (the "Bank") will repay all of the outstanding Certificates on 19th December 1986 at their principal amount.

Payment of the principal amount together with accrued interest will be made on the repayment date against presentation and surrender of the Certificates at the London branch of the Bank: Garden House, 18 Finsbury Circus, London EC2M 7BP.

Interest will cease to accrue on the Certificates on the repayment date.

The Yasuda Trust and Banking Company Limited

THE ROYAL BANK OF CANADA

US$350,000,000

Floating Rate Debentures due 2005

In accordance with the terms and conditions of the Debentures, the interest rate for the period November 17th, 1986 to December 17th, 1986 has been fixed at 6¼ per cent per annum. On December 17th, interest of US$5.104167 per US$1,000 nominal amount of the Debentures will be due for payment. The rate of interest for the period commencing December 17th, 1986 will be determined on December 15th 1986.

Orion Royal Bank Limited
Agent Bank and Principal Paying Agent

METROPOLITAN ESTATE & PROPERTY INTERNATIONAL N.V.

20,000,000 EUROPEAN COMPOSITE UNITS ("EURCO") 8¾% LOAN 1988

NOTICE IS HEREBY GIVEN THAT (a) the amount to become due against Coupon No. 13 dated 15th November 1986 from bonds of the above loan is US$55.63 per coupon, or, in the option of the holder, in certain other currencies; (b) bonds in the principal amount of Eurco 500,000 were purchased and cancelled during the year ended 14th November 1986; (c) the nominal amount of this loan outstanding after 15th November 1986 will be Eurco 10,500,000.

Principal Paying Agent:
N M ROTHSCHILD & SONS LIMITED
New Court
St. Swithin's Lane
London EC4P 4DU

14th November 1986

Electronic Memories International N.V.

US$15,500,000

5½ per cent. Subordinated Guaranteed Convertible Bonds 1988

S. G. Warburg & Co. Ltd. announce that the redemption instalment of Bonds due 15th December, 1986 for a nominal value of US$1,350,000 has been met by purchases in the market. US$2,700,000 nominal amount of Bonds will remain outstanding after 15th December, 1986.

13th November, 1986

AKZO N.V.

Arnhem, The Netherlands

4¼ % US$ convertible debenture loan 1969 per 1980/89

outstanding balance US$ 7.250.000,—

Pursuant to the provisions of article 3 of the trust deed, the drawing for the obligatory redemption of US$ 7.000.000,— per January 1, 1987 took place on November 5, 1986.

Number 5 was drawn, which means that all debentures, the numbers of which end in 5, have been drawn for redemption.

Against delivery of these debentures, provided with coupons per January 1, 1988 and following, the sum of US$ 1.000,— each will be paid at the designated paying agents from January 1, 1987.

The right of conversion of the redeemed debentures will cease on December 31, 1986. Present conversion price Dfl. 121,60 per share.

Not all debentures bearing a number ending in 0, 1, 2, 3, 4, 6 and 7 - drawn in the last years - have been presented for redemption.

At the same time we inform that copies of the Trust Report for the year 1985 are obtainable from the undersigned.

Amsterdam, November 10, 1986

The trustee
Centrale Trust Compagnie B.V.
Herengracht 436

INTERFIRST TEXAS FINANCE N.V.

US$100,000,000

GUARANTEED FLOATING RATE NOTES DUE 1989

In accordance with the provision of the notes, notice is hereby given that for the three months period November 13th, 1986 to February 13th, 1987, the notes will carry a rate of interest of 6⅝% per annum with a coupon amount of US$169.72.

Agent Bank
CHEMICAL BANK

NOTICE OF PREPAYMENT

US$ 40,000,000

EUROFIMA

European Company for the Financing of Railway Rolling Stock

8⅞% Dollar Bonds due January 15, 1988

In accordance with paragraph "Optional Redemption" of the description of the Bonds, notice is hereby given that EUROFIMA will prepay at par, on January 15, 1987 the total amount remaining outstanding of the above-mentioned Bonds.

Payment of interest due on January 15, 1987 and reimbursement of principal will be made in accordance with the terms and conditions of the Bonds.

Interest will cease to accrue on Bonds as from January 15, 1987.

Luxembourg, November 14, 1986

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

CAVENHAM INTERNATIONAL B.V.

NOTICE OF PARTIAL REDEMPTION

US$50,000,000 9½% Guaranteed Bonds 1987

Pursuant to condition 5 (a) of the bonds, CAVENHAM LTD has purchased US$2,296,000 principal amount of bonds which will be applied towards satisfaction of the mandatory redemption due on December 15th, 1986.

Notice is hereby given pursuant to the terms and conditions of the above-mentioned bonds that US$3,704,000 principal amount of the bonds has been drawn by lot for redemption on December 15th, 1986, at a price equal to 100 per cent of their principal amount.

Consequently, the 3,704 bonds of US$1,000 — numbered 43510 to 50000 inclusive and 1 to 3435 inclusive, taking account of bonds already redeemed, will be redeemable on December 15th, 1986 on presentation with all unmatured coupons at any of the following paying agents at their respective addresses set out in the bonds:

- SOCIETE DE BANQUE SUISSE, BASLE.
- COMMERZBANK AKTIENGESELLSCHAFT, FRANKFURT AM MAIN.
- CREDIT LYONNAIS, LONDON.
- CITIBANK, NEW YORK.
- SOCIETE GENERALE, PARIS.
- CREDIT LYONNAIS, LUXEMBOURG.

All interest on the bonds so called for redemption shall cease to accrue from December 15th, 1986 and the coupons maturing on or after December 15th, 1986 shall be void. The face value of any unmatured coupon missing when presented for payment, together with the relative bond will be deducted from the sum due for payment.

The outstanding principal amount after December 15th, 1986 will be US$30,000,000.

We recall that the following obligations from earlier drawings have not yet been presented for redemption:

15th December 1985: 41001 to 41003, 41015 to 41024, 41065.

The Fiscal Agent
CREDIT LYONNAIS LUXEMBOURG

Société Nationale Elf Aquitaine

F.F. 150,000,000 9.75% 78-88

Lors de l'Assemblée Générale des obligataires du 24 Octobre 1986 il a été décidé à l'unanimité de supprimer, dans les conditions de l'emprunt le paragraphe b)2 de la section dénommée "Amortissement et Rachat" libellé comme suit:

"Le représentant fiduciaire pourra, avec ou sans l'accord des porteurs d'obligations non amorties dans les conditions prévues, sur la requête du porteur, rembourser ... intérêts courus jusqu'à la date de remboursement, si la République Française cesse de détenir, directement ou indirectement, plus de 50 pct du capital de la Snea."

Le représentant fiduciaire des obligataires.
BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A.

Legal Notices

IN THE MATTER OF ORIENTAL CREDIT LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the Thirty First day of January, 1987, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned B. A. SMOUHA FCA, and A. R. HOUGHTON FCA of 33/34 Chancery Lane, London WC2A 1EW, the Joint Liquidators of the said Company, and, if so required by notice in writing from the said Liquidators, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of November 1986.

B. A. SMOUHA
A. R. HOUGHTON
Liquidators

Art Galleries

ZAMANA GALLERY, 1 Cromwell Gardens, SW7. 01-584 6612. ISTANBUL — A Photographic Journey through Turkish Architecture. Until 18 Jan. Tues.-Sat. 10-5.30. Sun. 12-5.30.

COLNAGHI, 14, Bond St., W1. 01-491 7408. An exhibition of OLD MASTER PAINTINGS. Through November and December. Mon.-Fri. 10-5.30; Sats. 10-1.

RICHARD GREEN, 44 Dover Street, W1. 01-493 3939. WATERCOLOURS BY ARCHIBALD THORBURN. Daily 10-6; Sats. 9.30-12.30. Opens November 12th.

RICHARD GREEN, 44 Dover Street, W1. 01-493 3939. WATERCOLOURS BY ARCHIBALD THORBURN. Daily 10-6, Sats 9.30-12.30.

MARTYN GREGORY, "Georgian Houses Rediscovered." 12th century watercolour views of country houses. Nov 3rd-15th. Mon-Fri 10am-6pm; Sats 10am-1pm. 34 Bury Street, St. James's, London SW1 6AU (01-839 3731).

OMELL GALLERIES, 43a Duke Street, St. James's, London SW1. 01-930 7744. MARINE PAINTINGS BY BARRY MASON. Mon-Fri 9.30-6; Sat 10-1pm from November 10th, 1986.

Public Notices

THE BRITISH POLIO FELLOWSHIP
Bell Close, West End Road, Ruislip, Middlesex HA4 6LP
(The Infantile Paralysis Fellowship, registered as a charity in accordance with the National Assistance Act 1948)

As required by the Regulations governing Permits the Fellowship announces the results of the Flag Days and House-to-House Collections held in July and October 1986 as follows:—

Metropolitan Police area:—		
Income	20,242.26	
Expenses	630.71	
Net result	£19,611.55	
City of London Police area:—		
Income	6,492.73	
Expenses	152.52	
Net result	£6,339.21	

The British Polio Fellowship records its earnest gratitude to the general public for their generous support and its appreciation to all collectors who made these voluntary efforts possible.

Announcements

NOTICE

The European Patent Office is issuing an international invitation to tender for the management of part of its pension reserve fund (negotiable securities and cash). Each management firm will be entrusted initially with a sum of approx. DM 50 million.

Interested firms should contact the Office if possible before 30 November 1986 to obtain the tender specification which is available in the three official languages of the Office: English, French and German (the language chosen must be indicated). The telephone number for any queries is Munich (089) 2399 4400; the telex number is 5 23 656 epmu d.

Tenders should be addressed to Mr Paye

EUROPEAN PATENT OFFICE
Erhardtstrasse 27, D-8000 Munich 2
to arrive before 31 January 1987

Personal

WOULD YOU WANT SURGERY WITHOUT RESEARCH?

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THE SURGICAL RESEARCH FUND — Reg. Char. 212808

Royal College of Surgeons 37 Lincoln's Inn Fields London WC2A 3PN

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National Stroke Campaign

of THE CHEST, HEART AND STROKE ASSOCIATION

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LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
—	F.P.	—	35	27	Australia Inv. Wrts	33	......	—	—	—	—
250	F.P.	5/12	242	226	Avis Europe	238	−1	R7.6	2.4	4.5	23.3
§170	F.P.	28/11	207	186	BakerHarrisSaund's10p	196	−2	R4.0	2.7	2.9	18.3
§38	F.P.	28/11	42	39	♣B.C.E. Hldgs 5p	41½	−½	Rd1.0	3.0	3.4	13.8
§115	F.P.	14/11	122	120	♣Berry, Birch 10p	121	......	R2.5	2.2	4.9	13.0
§130	F.P.	—	156	130	♣Bilston & Batt'sea. 10p	148	......	R3.7	2.2	3.5	18.3
§95	F.P.	21/11	145	117	♣Blenheim Exhibits. 5p	128	−2	u2.1	3.2	2.3	17.5
125	F.P.	—	153	148	Brake Bros. 10p	149	−4	R2.2	4.2	2.1	16.0
§100	F.P.	21/11	109	95	♣Citygrove 10p	96	+1	R2.5	2.7	3.7	14.0
§105	F.P.	16/10	115	100	♣Eve Construction	115	......	p4.5	3.2	5.5	8.1
§135	F.P.	24/10	166	145	♣Great Southern 10p	162	......	R5.2	2.2	4.5	13.9
185	F.P.	7/11	210	188	♣Interlink Express 5p	210	......	R3.5	3.2	2.3	19.0
§105	F.P.	—	127	123	Lloyds Chemists 5p	127	+2	u1.28	3.3	1.4	30.0
§135	F.P.	24/10	280	145	♣Local London Group 5p	280	+13	W5.0	1.8	2.5	31.5
—	—	—	115	110	Lon. & Gartmore Warr.	115	+5	—	—	—	—
110	F.P.	5/11	141	119	Marlbor'gh Tech Man 5p	132	−1	R2.70	3.1	2.9	13.3
135	F.P.	20/11	154	143	Mecca Leisure 10p	149	−1	R4.1	2.2	3.9	16.3
§105	F.P.	24/10	184	133	♣Miller & Santhouse 5p	184	......	u2.25	2.4	1.7	34.4
§175	F.P.	24/10	79	72	♣Newage Trans 5p	72	......	R3.5	2.5	6.9	8.2
—	F.P.	—	£15⅞	£15⅞	News Corp. A$0.50	£15⅞	+¼	05c	19.2	0.1	5.9
§115	F.P.	—	130	126	♣QuartoGr.Comm.$0.10	130	......	R3.195	2.8	3.5	14.6
§90	F.P.	24/10	94	88	♣Radamec Group 5p	94	......	R1.28	5.7	1.9	12.9
§95	F.P.	21/11	103	89	♣Rotunda 10p	103	+5	R30.5	2.8	4.1	12.4
¶110	F.P.	24/10	115	101	♣Ryman 5p	115	+3	L1.5	3.2	1.8	19.3
100	50	14/11	102	79	TSB	79	−1¼	W4.26	3.1	4.7	9.9
—	F.P.	—	52	52	Trinova $5	52	......	1.5c	—	2.0	—
§160	F.P.	5/12	179	163	♣Whitney Mackay 10p	166	+1	R4.0	3.0	3.4	13.7
104	F.P.	5/12	89	80	♣Woottons Bet'ware 10p	84	−2	dR3.7	1.5	6.2	15.3
**	F.P.	—	96	91	Yeoman Inv. Cap. 1p	91	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	Nil	17/12	190pm	140pm	Bristol Oil & Min 3% Cnv 2nd Mt Deb 1989	170pm	−10
§100	£10	8/1	12½	10	East Worcs. Water 12½% Red Deb 94-96	11	−1
§100	£10	29/1	11	8⅝	Essex Water 11¾% Red. Deb. 2002-04	10	−½
¶101.41	£10	26/2	11¼	8	do 8⅝% Red. Pf 1993	9	−1
§100	F.P.	2/12	107½p	106p	Fed. Housing 9½% Cum. Red. Prf	107p	−½
‖	Nil	16/12	9ppm	½ppm	Hartons 7% Cnv. Cum. Red. Prf	½ppm	......
§100	£10	15/5	9½	2	Mid-Sussex Water 11% Red Deb2012-16	4	−½
—	F.P.	—	100¼	100	Nationwide 11¼% 26/10/87	100⅛	−¼
¶101.87	£10	22/1	11¼	9	Portsmouth Wtr. 8¾% Red. Pf 1996	9	−1
¶102.25	£10	8/1	11¼	9	Tendring Hundred Wtr 8¾% Rd. Pf 1996	9	−1

"RIGHTS" OFFERS

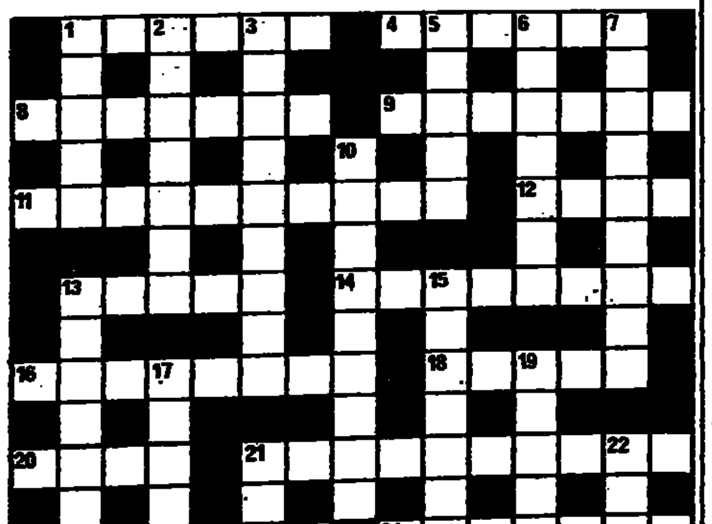
Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
330	Nil	16/12	70pm	46pm	Blue Arrow	55pm	......
70	Nil	19/12	8pm	2½pm	Brit. Benzol 10p	4pm	......
12	Nil	19/12	1¾pm	1½pm	Elswick 5p	1½pm	......
14	Nil	7/1	6pm	5pm	London & Assoc. 10p	5½	......
40	Nil	19/12	16pm	5pm	Petrocon 12½p	6pm	+1
350	Nil	19/12	67pm	37pm	Redland	52pm	−5
720	360	9/1	376pm	360pm	Siebe	375pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ♣ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

JOTTER PAD

FT CROSSWORD PUZZLE No. 6,177

DINMUTZ



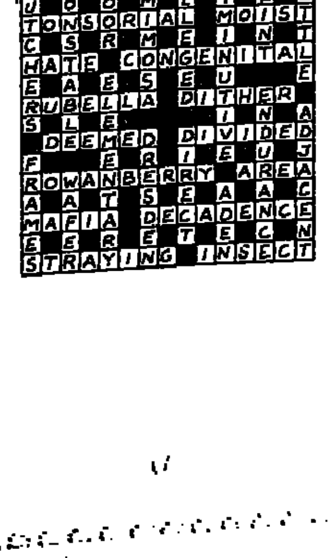
ACROSS

1 Position marshal for start of boat-race (6)
4 Saved from being well-read, say (6)
8 Right in my cups, drunk—it's the cider (7)
9 Sailor at Gateshead finding the bars (7)
11 Irene helps somehow in being able to grasp things (10)
12 Piece of a national monastery-site (4)
13 More than one spoke in the Inner Wheel (5)
14 Transport gate (8)
16 Songbird showing passion in display (8)
18 Look up from left or right (5)
20 Dressing kept in hospital cabinets (4)
21 Sugary content of cane chairs, broken (10)
23 Here's hopin' for a cure for headache (7)
24 Should it be trained in a garden? (3-4)
25 Cavalaryman useful to Medical Corps? (6)
26 Programme that has a loose sex content, we hear (6)

DOWN

1 Pair embracing champion horse (5)
2 Disturbed cuckoo (7)
3 Dear former wife thoughtful (9)
5 Super sort of prize (5)
6 In tears perhaps—it's the wine (7)
7 Where to go for meals-on-wheels (6-3)
10 Medley-races in Wick? Just a joke! (9)
13 People in it are getting ready for the night (9)
15 Was it sung to an old flame? (5-4)
17 Lots of people are knocked down in one (7)
19 Language for trains is missing (7)
21 Criticise mince-pie put on tin (5)
22 Girl taking article to cosy home (5)

Solution to Puzzle No. 6,176



AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

AUTHORISED UNIT TRUST & INSURANCES

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity Tst	49 4	52 6	+0 1	7 48
Growth Trust	53 9	57 4		2 15
Income Trust	56 2	59 8	+0 2	4 92

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	73 0	76 0		2.80

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G T.	132.8	141 3	-0.3	3.04

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy Oct 8	102.8		—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	200.1	210.7		—
Equity Ser. 1	103.7	109.2	-1.7	—
Prop. Acc. Ser 2	279.4	294.2		—
Equity Ser 2	112.7	118.7	-1.8	—
Selective Acc.	237.2	249.7	-2.4	—
Prop. Ser. 4	221.2	232.9		—
Equity Ser. 4	115.1	121.2	-1.8	—
Fixed Int. Ser. 4	172.5	181.6	-0.8	—
Indexed Inv. Ser. 4	107.0	112.6	-1.2	—
American Ser. 4	263.5	277.4	+0.6	—
High Inc. Ser. 4	290.1	305.4	-2.2	—
Japan Ser 4	235.6	248.0	+2.1	—
Man. Ser. 4	350.0	368.5	-0.9	—
Money Ser. 4	197.6	208.0		—
European Ser 4	123.5	130.1	+0.9	—

Pension Funds

Property	359.1	378.0		—

City of Westminster Assur.—Contd.

Fixed Interest Fund	140 2	147 6	+2 2	
Far East Fund	205 5	216 4	+3 4	
North American Fund	176.2	185 5	+1 9	
Natural Resources Fund	147.6	155 4	-0.8	
Pension Managed Fund	383.2	403 4	+0.8	
Pension Equity Fund	255 4	268 9	+1 0	
Adventurous Mngd Fd	125.7	132.4	+0.6	—
Balanced Mngd Fd	123.9	130.5	+0.1	—
Conservative Mngd Fd	117.8	124.0	+0.1	—
European Fund	107.7	113.4	+0.3	—
International Fund	118.6	124 9	+0.3	—
S U. N. Flagship Fd	127.9	134 7		—

For other prices please telephone 0908 606101/660088

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	134.4	141.5	-0.2	—
Equity	152.6	160.7	-0.5	—
Property	110.6	116.5		—
Gilt & Fixed Interest	105.4	111.0	-0.9	—
Indexed Securities	96.0	101.1	-0.8	—
Cash	108.4	114.2		—
North American	113.7	119.7	+0.4	—
Far East	128.0	134.8	-0.6	—
International	128.3	135.1	+0.1	—
Special Situations	147.7	155.5	-0.5	—
International Income	144.6	152.3	-0.3	—
American Income	123.6	130.2	+0.1	—
European	149.6	157.5	+0.9	—

Flexible Retirement Plan

Mixed	137.5	144.8	-0.6	—
Equity	145.2	152.9	-1.4	—
Property	115.9	122.0		—
Gilt & Fixed Interest	110.3	116.2	-5.2	—
Indexed Linked	97.0	102.2	-1.2	—
Cash	116.8	123.0	+0.1	—
North American	120.7	127.1	+0.2	—
Far East	143.5	151.1	-0.5	—
International	136.1	143.3		—
Special Situations	167.3	176.2	-0.4	—
European	173.5	181.6	+1.2	—

Executive Investment Pension Plan
Prices on November 5. Unit dealings on Wednesday.

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$18.65	+0.12	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$16.00	+0.07	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$17.09	+0.12	—
Dynamic Grth Fd	$18.88	+0.34	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.07	12.76	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	9.88	7.38	10.81	3-mth
CAFCASH 7-day Fund	10.10	7.55	11.07	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.50	(10.92Car)	—	3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	10.30	7.70	11.26	6mth
7-day Fnd	10.31	7.12	11.27	6mth
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	9.81	7.33	10.51	6-Mth
7-day Fund	9.98	7.46	10.70	6-Mth
Dollar	4.87	3.64	5.21	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	10.25	7.50	10.86	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
MthlyChq £1000-£5000	10.00	7.48	10.90	Mth
Mth. Int. Chq. £5,000+	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-283 9111				
High Int. Cheque Acc	11.00	8.22	12.08	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	10.25	7.66	11.18	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	7.50	10.86	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	10.25	7.66	11.16	Mth

NOTES

TRADITIONAL OPTIONS
3-month call rates

Industrials	p		
Allied-Lyons	27	MEJ	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	14
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	108
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Secs	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	Brist. Oil & Min	$9\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$9\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	28	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	58	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

EEC ministers urged to 'act now' on dairy crisis

BY TIM DICKSON IN BRUSSELS

Mr Frans Andriessen, the EEC Agricultural Commissioner, yesterday spelt out the "drastic" situation in the European dairy sector and called on the Community's Farm Ministers to act now.

With an eye clearly on next week's crucial EEC Agriculture Council meeting in Brussels, Mr Andriessen warned that the "emergency" build up of surplus stocks was getting worse. "I can only hope the Ministers make some concrete decisions," he said.

"I think we are entitled to expect the Council to regain control over milk policy which is in danger of running completely out of hand," he adds.

Mr Andriessen was formally announcing tough new proposals to curb milk overproduction which were agreed at a full meeting of the EEC Commissioners in Strasbourg on Tuesday. He also spelt out a Commission proposal to cut the spiralling costs of buying in and storing surplus beef. This represents a modification of an earlier Commission plan but is designed as a more palatable alternative for member states.

Mr Frans Andriessen . . . "drastic" situation

Mr Andriessen said that the the Commission ideas on milk—which include a further 3 per cent cut in Community milk quotas over the next two years on top of a 3 per cent cut already agreed in April this year—would cost an estimated Ecu 245m in 1987 and Ecu 50m in 1988 as producers were compensated for giving up production. The budgetary saving, however, could be Ecu 1.32bn by 1989. No decisions had yet been taken on the new compensation terms so these figures have been based on the Community Outgoers Scheme which operates at the moment.

The new Commission package — which comes on top of other "emergency" measures proposed in September, notably the suspension of guaranteed intervention purchases of skimmed milk powder and butter when appropriate—also contain an important number of technical adjustments to the quota regime, notably increasing the tax on overproduction and tightening up loopholes so that farmers who overproduce cannot escape this "superlevy."

Mr Andriessen said they have been made in response to Ministers' request "for a clearer idea of our long-term objectives."

He added, "at least 9.5m tonnes of surplus milk is now being produced and this does not include domestic sales with special subsidies or sales outside the Community. Then it could be 15m tonnes."

Turning to the beef sector, where he said that the situation was also "urgent," Mr Andriessen put forward a new proposal for cutting the cost of intervention purchases.

This would mean that in future the system would only come into play when average European market prices were less than 90 per cent of the intervention price and where national market prices were lower than 85 per cent of the interventional level. A Commission official expanded that the price paid to traders would thus be a maximum 85 per cent of intervention "and where market prices were much lower we would like the Community price to fall."

No cost savings have yet been estimated but the Commission feels the plan would reverse the less firm production back more in line with demand. The idea is similar to a French compromise which has been discussed at expert level in Brussels for some weeks—"the main difference is that we've put the number on," said the Commissioner.

Egyptian reshuffle halts wheat talks

By Tony Walker in Cairo

THE AUSTRALIAN Wheat Board has halted discussions with Egypt on wheat to be shipped in 1987 while the new Egyptian Government settles in.

Wheat Board officials were engaged in preliminary discussions with their Egyptian counterparts when President Hosni Mubarak dismissed the Prime Minister at the weekend.

Mr Clinton Condon, chairman of the Wheat Board, said it was hoped discussions could resume in the next few weeks. There is some pressure for a resumption of negotiations from the Australian side because a delay would affect shipments for 1987.

Egypt is Australia's biggest wheat market, taking some 2m tonnes this year under a long-term 10m tonne agreement signed in 1984. It is also one of the main battlegrounds in the grain trade "war" between the US and the EEC, and this is putting Australia's share of the Egyptian market under pressure.

According to Cairo traders, the French recently made a sale of 100,000 tonnes at $76.50 a tonne on highly preferential terms. France has not disclosed details of the sale.

One of the Ministers to lose his post in the reshuffle following the change of Prime Ministers was Mr Nagih Shatla, the Minister of Supply who was responsible for wheat negotiations, and with whom the Australian wheat board had developed good relations.

Egypt had fallen about five months behind on its payments for Australian wheat, but according to Mr Condon a recent transfer had reduced the arrears.

Under the terms of the 1984 wheat agreement, Australia agreed to ship 10m tonnes over five years. Payment terms were over three years at concessional rates of interest.

A hiccup in the Egyptian market would be a blow to Australia at present because it is facing serious competition in most of its traditional markets.

Mr Condon said Australia had sold in its various world markets about half the anticipated quantities of wheat available for export next year. He would not be drawn on price.

Egypt is expected to import about 6.4m tonnes this year of wheat and wheat flour (4.7m tonnes of wheat).

The US is supplying about 2m tonnes under its PL 480 food aid scheme and export enhancement programmes. Canada's share of the market is about 500,000 tonnes.

Australia was selling wheat into the Egyptian market at the beginning of the year at about $128 a tonne. That was believed to have dropped to about $108 a tonne by late this year.

"The Wheat Board will almost certainly have to drop its price further to below $100 a tonne if it is to maintain its market share in Egypt.

● The partial embargo of US grain sales to the Soviet Union six years ago neither accomplished its goal of short-circuiting Moscow's supplies nor became a pervasive, lingering cause of hardship to American farmers, according to a study published this week by the US Department of Agriculture.

"The embargo had little effect on USSR grain use," the report said, adding: "The embargo did not significantly affect the volume of world grain trade" and that, at most, it caused a drop of less than 2 per cent.

LME proposes contract levy

BY STEFAN WAGSTYL

THE LONDON Metal Exchange is raising its fees to help meet the costs of modernising its market and management structure and of the law suits it faces as a result of the tin crisis.

It is introducing a levy of 20p a contract plus VAT on all users of the exchange from January 1 and it is raising the annual fees and subscriptions paid by members by 10 per cent. Ring-dealing members currently pay £24,250 a year.

Most other futures exchanges already raise much of their income from contract levies. At the London Commodity Exchange, the levy is 42.5p a contract but the maximum annual membership fee is about £5,000.

The LME Board said in a letter to all its members that the purpose of the levy was to make sure that running costs would be borne in direct proportion to the use made of the exchange.

The Board said there were a number of reasons behind the increase in charges: the planned introduction of a clearing house system to replace the present principal-to-principal market; the costs of monitoring dealer/client contracts (at present only dealer/dealer contracts are monitored); the installation of any systems required by the Securities and Investments Board, the fledgling City regulatory authority; the proposed reorganisation of the exchange's management; and litigation costs.

Initially, the contract levy is to apply to contracts between ring-dealing members, but it will be imposed on all clearing members of the exchange from the date a clearing system is introduced—probably in the spring.

The LME authorities are continuing to negotiate the exact shape of the proposed cleared market with the SIB.

ITC writ claims government liability

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE GOVERNMENTS of the UK and the other 21 members states in the International Tin Council are legally liable for its debts, it is claimed in a petition for the compulsory winding-up of the ITC that has been lodged in the High Court.

The petition, issued on Wednesday by Amalgamated Metal Trading, a subsidiary of Preussag, the West German metals group, claims that under the 1985 Companies Act creditors of the ITC have the right to enforce the member governments' liability to contribute to the debts and liabilities of the ITC.

AMT is petitioning as a creditor of the ITC for £5.3m, the amount of an arbitration award made against the ITC in June. AMT is one of the 11 London Metal Exchange companies which have banded together as Tinco Realisations to pursue their claims against the ITC. The council ran out of money last year administering an inter-government price support pact.

The petition asserts that, by virtue of the 1972 International Tin Council (Immunities and Privileges) Order, the ITC has the legal status of a body corporate and is an association which may be wound-up by the court as an unregistered company within the meaning of the 1985 Act.

Under the Order the ITC has immunity from legal proceedings, subject to certain specified exceptions—one of which relates to the enforcement of arbitration awards made under the agreement between the ITC and the UK which established the council's headquarters in London.

Amalgamated Metal Trading's claim arises out of such an award, the petition states.

The company alleges that the ITC is insolvent and unable to pay its debts. The petition lists what it describes as the ITC's "substantial assets" in the UK and claims that, in addition, creditors can look to the governments for satisfaction of their debts.

The petition contends that it is "just and equitable" that the ITC be wound-up.

The case is fixed to come before the Companies Court on December 15, when it will almost certainly be adjourned to a later date because of its complexity, the legal problems involved and the international implications.

Mr Paul Channon, the Trade and Industry Secretary, has already stated that the UK Government does not accept any liability whatsoever and that the dispute is between the ITC and the brokers.

● THE HOUSE of Commons Select Committee on Trade and Industry, which is inquiring into the tin crisis, yesterday decided to publish a further report on the affair after receiving new information from the Bank of England. Mr Kenneth Warren, the chairman, declined to say what information the Bank had disclosed.

Thailand's troubled tapioca industry

BY PETER UNGPHAKORN IN BANKOK

THAILAND'S tapioca industry, which accounts for almost 90 per cent of world's exports and is the country's second largest foreign exchange earner, is hoping for an improvement in its fortunes following the resignation last week of the Minister, Police Captain Surat Osathanugrah. His continual tampering with regulations governing exports to the EEC—where tapioca is used for animal feed—had infuriated Thai traders and EEC importers alike.

Mr Osathanugraph's 10 months in office had been punctuated by protests that his repeated rule changes were disrupting trade and favoured certain companies. The last straw came when he postponed by one month, the December 23, the first of seven scheduled stock checks. This would have deprived EEC importers of the first 1987 shipments, originally due in mid-January, because the main EEC export allocations are awarded to exporters in proportion to the stocks they hold.

That decision is believed to have contributed to the Minister's downfall. Apart from leaving exporters liable to penalties for defaulting on forward contracts, it affected the incomes of 10m of Thailand's poorest farmers, who saw fresh root prices tumble from about Baht 120 (3.2p) per kg to Baht 80 as a result of the postponement.

Captain Surat claimed he had been defending the interests of farmers because the new season's roots were immature and contained too little starch. But traders have retorted that price adjustments would have been made for the low starch content and that the market should have been left to its own devices.

Their hopes that the new Minister will prove more consistent were given some encouragement this week when he decided to bring the first stock check forward by three weeks.

Last year Thailand exported 7.09m tonnes of tapioca, earning the country Baht 15bn (£400m). All but 1.9m tonnes of that total went to the EEC, where a preferential import tariff allows Thai tapioca to remain competitive with cereals and other feed ingredients grown within the Community and protected against other overseas competition by much higher import duties. Under the present agreement the EEC has agreed not to impose a tariff of more than 6 per cent on up to 21m tonnes of Thai tapioca over the next four years. The limit in any one year is 5.5m tonnes.

This arrangement has been a godsend for Thai growers, who have yet to find a viable alternative to tapioca, in spite of government efforts to cut output because of the crop's excessive dependence on the EEC market.

Tapioca, or cassava root, as it is known locally, can be grown in the least fertile soil and requires little or no fertiliser or pesticide. Another important advantage is that it can be left in the ground awaiting higher prices because it can be harvested at any age between about eight months and two years.

Indonesia produces almost as much cassava as Thailand but consumes most of it domestically and is unable to use all of its 825,000 tonnes quota this year. Hardly any of Thailand's production is consumed at home.

While most crop prices remained weak, tapioca prices recovered earlier this year, encouraging Thai farmers to dig up all their existing roots and plant a larger acreage. Then came the price fall triggered by the stock check postponement.

Thailand's non-EEC exports are likely to fall from 1.9m tonnes to about 800,000 tonnes this year because of reduced output. Most of that will be sold below cost because "bonus" shares of the profitable EEC quota are awarded in return for non-EEC exports. The ratio has recently been cut to 1:1.2 (one tonne of EEC quota for 1.2 tonnes exported elsewhere) from 1:1. That change also caused some ill-feeling on the grounds that it benefited companies holding orders from non-EEC countries at the time of the change.

A further complaint has been about the size of the quota negotiated with the EEC by Captain Surat back in May. Thai economists and lawyers have argued that Thailand's rights under the General Agreement on Tariffs and Trade (Gatt) were overlooked and that the quota was too small as a result. They also complain that the new agreement is a mess of ambiguities.

EEC officials say, however, that Thailand could not have expected a larger quota. "There's just too much manioc (yet another name for tapioca) lying around in the mountains of surplus meat," one commented. Thai officials, meanwhile, say that it was difficult to get any agreement at all, with France threatening to veto even the 21m tonnes quota.

Thailand should easily fill its EEC quota for 1987, with production forecast at 19.37m tonnes of fresh root, the second largest ever. Low prices in 1985 cut 1986 production to about 15.25m tonnes. Exports of tapioca pellets and chips to non-EEC countries are becoming more difficult, however, because of low prices for competing carbohydrates.

The Thai Government is, meanwhile, continuing its efforts to diversify production away from tapioca, but so far with little success. For many farmers there simply are no alternatives.

LONDON MARKETS

UNCERTAINTY continued to be the most obvious feature of the coffee futures market yesterday as doubts about Brazil's market intentions brought yet another sudden turnabout in the trading pattern. The possibility that Brazil might be about to dump back on to the market much of the coffee it bought earlier in the year—reportedly to make up for the shortfall in its own drought-hit crop—had helped to push the January futures position down by £235.50 over the first three days of this week. But yesterday the price suddenly bounced up by £80.50 to close at £2,172.50 a tonne. Dealers said, however, that the advance resulted from relatively modest buying interest in a very thin market. They said a Brazilian statement that it was halving the amount of coffee for sale in December to 1m bags had influenced the rise, which began during early trading, but some were sceptical that Brazil really would keep exports as low as that.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Official closing (am): Cash 803.5-4 (same), three months 813.5-4 (809-5.5), settlement 804 (same). Final Kerb close: 811-12. Turnover: 42.575 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	803-4	+2	804/805.5
3 months	813-4	+4.5	816/812

COPPER

Grade A	Unoffic'l close	+ or −	High/Low
Cash	911-2	+1.75	911.5/911
3 months	935.5-5	+2.5	938.5/933.5

Official closing (am): Cash 911-1.5 (907.5-8), three months 933.5-4.5 (931-1.5), settlement 911.5 (908). Final Kerb close: 933.5-4.

Standard			
Cash	890-2	+2	893/891
3 months	915-7	+2	—

Official closing (am): Cash 890-1 (899.5-90), three months 914-6 (912-3), settlement 891 (890). US Producer prices: 61.50-68.50 cents per pound. Total Turnover: 20.375 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	329-30	+1.5	331/330
3 months	322-2.5	+1.5	324/321

Official closing (am): Cash 330.5-1 (332-2.5), three months 323-3.5 (322-2.5), settlement 331 (332.5). Final Kerb close: 322.5-3.5. Turnover: 10,200 tonnes. US Spot: 24-27 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2535-40	+2.5	—
3 months	2573-5	+4	2580/2572

Official closing (am): Cash 2,535-40 (2,535-45), three months 2,577-8 (2,577-8), settlement 2,540 (2,545). Final Kerb close: 2,575-80. Turnover: 678 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 15.87 (15.55) ringgit per kg. Up 0.32.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	578-9	+2.5	
3 months	560-1	—	568/560

Official closing (am): Cash 573-4 (587-7.5), three months 560-60.5 (572-3), settlement 574 (587.5). Final Kerb close: 562-3. Turnover: 13,125 tonnes. US Prime Western: 44-50.75 cents per pound.

GOLD

GOLD BULLION (fine ounce) Nov. 13		
Close	$407-407½	(£285½-285¾)
Opening	$406-406½	(£284¾-285¼)
M'n'g fix	$406.85	(£286.655)
Aft'n'n fix	$407.50	(£286.911)

GOLD AND PLATINUM COINS		
Am Eagle	$420½-426	(£296-298¾)
Mapleleaf	$417¾-422¼	(£293-296¼)
Kr'g'r'nd	$403-406	(£282¾-284¾)
½ Krug	$207½-208½	(£145½-146¼)
¼ Krug	$104½-105½	(£73¼-74)
Angel	$414-417	(£290½-292½)
1/10 Angel	$45-46	(£30¼-32¼)
New Sov.	$95-97	(£66¾-67¾)
Old Sov.	$95½-96½	(£67¼-68¼)
$20 Eagle	$480-530	(£336¾-371¾)
Noble Plat	$548-558	(£384½-391½)

SILVER

Silver was fixed 4.2p an ounce higher for spot delivery in the London bullion market yesterday at 407.05p. US cent equivalents of the fixing levels were: spot 578c, up 3.5c; three-month 586.15c, up 3.65c; six-month 594.6c, up 3.4c; and 12-months 612.35c, up 2.95c. The metal opened at 404-405½p (576-578c) and closed at 405½-407p (577-579c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	407.05p	+4.20	406.5p	+6.5
3 months	417.85p	+4.15	417.0p	+8.0
6 months	429.20p	+4.35	—	—
12 months	451.60p	+4.55	—	—

LME—Turnover: 15 (2) lots of 10,000 ounces.

Three months high/low 417, final Kerb 416.5-7p.

SOYABEAN MEAL

Nearby prices were steady on weaker currency and a stronger Chicago, however forward positions were again depressed by commercial selling, reports Muirpace.

	Y'sterd'ys close £ per tonne	+ or −	Business done
Dec.	132.0-133.0	+1.20	132.0
Feb.	133.8-135.6	+0.85	133.0
April	134.0-134.8	+1.40	—
June	130.8-131.8	+0.80	130.5
August	129.3-130.1	+0.80	129.5
October	131.8-133.5	+0.25	—
Dec.	132.8-138.8	+0.50	—

Sales: 171 (55) lots of 20 tonnes.

RUBBER

PHYSICALS — The London market opened easier, showed little interest throughout the day, closing quiet, reports Lewis and Peat. Closing prices (buyers): Spot 65.25p (64.75p), Dec 63.50p (63.00p), Jan 63.75p (63.25p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 222.0 (223.0) and SMR 20 199.0 (same).

FUTURES — Index 661, Dec 645-650, Jan/March 655-660, April/May 665-670, July/Sept 667-683.

INDICES

REUTERS

Nov. 12	Nov. 11	M'th ago	Year ago
1615.6	1618.7	—	—

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Nov. 12	Nov. 11	M'th ago	Year ago
Spot	121.11	120.79	—	120.60
Fut	120.43	119.90	—	120.58

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Nov.14 1986	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1225/245	−10	$1275/295
Copper			
Cash Grade A	£911.5	+1.75	£917.25
3 mths	£935.25	+2.5	£941.25
Gold Troy oz	$407.25	+1.75	$432.25
Lead Cash	£329.5	+1.5	£314.5
3 mths	£322.25	+1.5	£306.25
Nickel			
Free Mkt	164/184c		187/197c
Palladium oz	$136.40	−1.80	$139.75
Platinum oz	$530.00	+1.00	$584.75
Quicksilver†	$155/170		$160/180
Silver troy oz	407.05p	+4.20	394.50p
3 mths	417.85p	+4.15	404.95p
Tin			
free mkt	£4326/380	+30	£3840/87
Tungsten	$46.98		$50.08
Wolfram 22.0lb	$32/42		$34/44
Zinc	£578.5	+2.5	£527
3 mths	£560.5		£531.25
producers	$820		$930
OILS			
Coconut (Phil)	$360z		$305
Palm Malayan	$320n		$250
Copra (Phil)	$265y	−5	$180
Soyabean (U.S.)	$154	+1	$151
GRAINS			
Barley Fut. Jan.	£111.65	−0.10	£110.35
Maize	£143.00		£145.00
Wheat Fut. Jan.	£110.60	+0.10	£109.00
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1519.5	−1.0	£1636.0
Coffee Ft. Jan.	£2172.5	+80.5	£2222.5
Cotton A Ind.*	53.10c	+0.10	51.35c
Gas Oil Jan.	$133.75	+1.25	$124.25
Rubber (kilo)	65.25p	+0.50	68p
Sugar (raw)	$153.00	+2.50	$137.5
Wooltops 64s	425p kilo	+2	407p kilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. y Nov-Dec. w Oct-Nov. v Dec. x Feb-March. z Dec-Jan. n Jan.

COFFEE

New York staged an impressive recovery last night as Brazil decided to halve the amount of coffee available for December, reports Drexel Burnham Lambert. London followed suit and recovered as much as £86 from Wednesday's close. Further technical liquidation was evident but found good trade buying and commission house short covering. With New York quietly steady in the afternoon London closed around the highs of hte day in moderate volume.

COFFEE	Yesterday close	+ or −	Business Done
Nov	2230-2248	+90.0	2238-2205
Jan	2170-2175	+80.5	2175-2140
Mar.	2062-2085	+61.0	2080-2044
May	2070-2080	+47.5	2095-2046
July	2095-2100	+50.0	2085-2060
Sept.	2095-2110	+42.5	—
Nov.	2070-2100	+15.0	—

Sales: 5,462 (8,196) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for November 12: Comp. daily 1979 151.94 (154.79); 15-day average 158.26 (159.62).

COCOA

At the end of an uninspiring day futures closed marginally lower than the previous evening having been restricted to a £12 trading range. Some light consumer offtake was seen, producers however remained uninterested at current values, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or −	Business Done
Dec	1486-1486	−4.0	1493-1482
March	1519-1520	−1.0	1528-1513
May	1540-1541	−3.0	1547-1538
July	1559-1560	−7.0	1570-1559
Sept.	1582-1585	−5.0	1587-1585
Dec.	1611-1612	−6.0	1621-1611
March	1641-1642	−5.0	1647-1646

Sales: 2,348 (3,079) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for November 12, 92.77 (91.42); five-day average for November 13, 91.94 (91.78).

POTATOES

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	112.50	115.00	—
Apr	154.00	157.00	157.80-154.80
May	174.50	176.00	175.08-174.08
Nov	85.00	85.00	—
Feb	99.00	99.00	—

A weaker Dutch market combined with a falling physical market resulted in London basis April 50p lower on the opening, with good support coming at the £55.50 level. With Holland closing at 30.6 DFL London broke through the 156 level where stop loss sellers were seen but the market found good support 154 recovering 50p before closing on a weak note, reports Coley and Harper.

Sales: 1,057 (981) lots of 40 tonnes.

GRAINS

Wheat and barley markets reflected extremely quiet country trade, fractionally steadying on wheat, while barley found shipper selling interest. New crops were firmer on shipper buying, reports T. G. Roddick.

WHEAT			BARLEY	
Mnth	Yesterday's close	+ or −	Yest'rdy's close	+ or −
Nov.	108.00	—	108.85	+0.15
Jan	110.60	+0.10	111.65	−0.10
Mar	113.60	+0.25	113.75	+0.05
May	115.90	+0.20	114.75	+0.05
July	117.65	+0.15	—	—
Sep.	101.60	+0.10	101.65	+0.15
Nov.	103.85	—	104.10	+0.15

Business done — Wheat: Nov 108.00 only, Jan 110.60-0.40, March 113.60-3.45, May 115.90-5.60, July 117.65-7.50, Sept 101.60-1.50, Nov 103.85 only. Sales: 39 lots of 100 tonnes. Barley: Nov 108.85 only, Jan 111.70-1.65, March 113.75 only, May 114.75 only, Sept 101.65 only, Nov 104.10-4.05. Sales: 5 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Nov 108.25, Dec 107.25, US No 2 soft red winter Nov 111.75, Dec 113.00. French 11½-12 per cent Nov 140.50. English feed fob Nov 111.50/112.00, Dec 113.00/113.50, Jan 115.00-115.50, Feb 116.00-116.50 buyer/sellers, March 117.00 seller, Jan/March 116.00-116.50 buyer-sellers, Jan/June 117.25 seller. April/June 118.25/118.75 east coast. Maize: US No 3 yellow/French transhipment east coast Nov 143.50. Barley: English feed fob Nov 112.50 seller, Scottish Dec 116.00 seller, English 115.00, English/Scottish Jan/March 116.00/116.50 buyer/sellers, English/Scottish Jan/March 117.50 seller. English Jan/June 117.50 seller English. Rest unquoted.

HGCA — Locational ex-farm spot prices: Feed Barley: S. West 111.20; W. Midlands 107.40; N. West 107.70. The UK monetary coefficient for the week beginning Monday November 15, is expected to change to 1.232.

MEAT

Cash prices for pigmeat fell slightly lower though physical pork prices showed some sign of recovery today. Cattle prices were untraded, reports Eastern Capital CCST.

US MARKETS

COFFEE AGAIN attracted much of the interest in New York, with Wednesday's late improvement built upon slightly at the opening following steady support from London in the morning, reports Heinold Commodities. December values climbed to a high of 168.50 cents per pound, with scattered trade and local interest the main support, albeit in thin conditions. However, a lack of follow-through in view of continued nervousness about rumours of Brazilian intentions—or non-intentions—to re-tender longs as well as stiff technical resistance at 170 cents made for a late and dramatic sell-off, as fund selling was reported to hit a market which appeared to have reconciled itself to some consolidation. Wednesday's gains were thus wiped out to leave the market 3.66 cents down on the day at 163.42 cents. In Chicago the soyabean contract maintained its firm tone of previous weeks, settling at 5.04 cents per bushell in the leading January delivery. Uncertainty over weather conditions in the US and their possible effects on harvesting encouraged a positive mood amongst physical and speculative traders.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Nov	50.00	—	—	49.85
Dec	50.25	50.30	50.20	50.10
Jan	50.35	—	—	50.20
March	50.80	50.90	50.90	50.65
May	51.15	—	—	51.00
July	51.40	—	—	51.26
Sept	51.60	—	—	51.46
Dec	51.70	—	—	51.56
Jan	51.90	—	—	51.76
March	52.00	—	—	51.86

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	19.07	19.28	19.05	19.25
March	19.60	19.77	19.56	19.66
May	19.94	20.10	19.90	20.01
July	20.23	20.25	20.10	20.22
Sept	20.45	20.46	20.46	20.42
Dec	20.70	20.73	20.60	20.74
March	20.90	—	—	20.94

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	163.42	168.50	162.50	167.08
March	160.32	164.90	160.00	164.32
May	160.50	164.75	160.50	164.50
July	161.50	164.00	161.50	165.50
Sept	162.38	164.51	164.51	166.38
Dec	163.50	—	—	164.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	58.50	—	—	58.70
Dec	58.70	58.90	58.55	58.90
Jan	58.75	—	—	58.95
March	59.25	59.45	59.10	59.45
May	59.80	60.00	39.85	59.95
July	60.20	60.30	60.10	60.35
Sept	60.55	60.60	60.60	60.70
Dec	61.05	61.30	60.95	61.25
Jan	61.20	—	—	61.40
March	61.55	61.80	61.80	61.70
May	61.85	62.00	62.00	62.00
July	62.15	62.30	62.30	62.30
Sept	62.45	—	—	62.60

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Latest	High	Low	Prev
Dec	15.60	15.62	15.18	15.36
Jan	15.78	15.80	15.30	15.49
Feb	15.78	15.80	15.36	15.52
March	15.75	25.75	15.35	15.49
April	15.66	15.72	15.31	15.46
May	15.67	25.70	15.33	15.44
June	15.63	15.62	15.33	15.42
July	—	—	—	15.40
August	15.35	15.38	15.30	15.38

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	408.5	—	—	408.2
Dec	409.5	410.8	407.2	409.4
Jan	411.1	412.0	412.0	411.0
Feb	412.7	513.9	410.6	412.6
April	415.9	417.0	415.2	416.7
June	419.2	420.3	417.3	419.0
August	422.8	—	—	422.4
Oct	426.1	426.1	426.0	425.9
Dec	429.8	530.1	427.8	429.7
Feb	433.9	434.1	432.0	433.8
April				
June	442.4	—	—	442.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Dec	46.50	46.65	43.40	43.89
Jan	46.60	56.70	44.40	45.00
Feb	47.05	47.25	45.10	45.56
March	46.30	46.50	43.56	44.00
April	43.90	43.90	42.15	42.57
May	42.50	42.90	41.15	41.40
June	42.20	42.40	40.70	40.85
July	42.80	42.60	42.60	40.85

SPOT PRICES—Chicago loose lard 13.50 (14.00) cents per pound. Handy and Harman silver bullion 580.00 (572.00) cents per troy ounce.

COTTON 50,000 lb, cents/lb

	Latest	High	Low	Prev
Dec	49.19	49.68	48.95	48.2
March	49.15	49.50	48.87	48.2
May	49.30	49.80	48.90	49.4
July	49.30	49.80	49.30	49.3
Oct	50.40	50.38	50.38	50.0
Dec	50.57	50.90	50.55	50.6
March	51.20	—	—	51.00

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	121.70	123.00	120.50	121.90
Jan	122.40	123.00	121.80	121.80
March	122.55	123.10	111.75	122.25
May	122.70	123.00	122.00	122.8
July	121.80	122.50	122.00	122.0
Sept	122.10	122.50	122.00	122.1
Nov	122.10	122.10	122.00	122.8
Jan	122.30	122.50	122.00	122.1

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	530.4	—	—	523.
Dec	534.9	—	—	528.
Jan	534.9	536.5	526.5	528.
April	537.9	538.0	530.5	531.
July	541.9	543.0	535.0	535.
Oct	—	—	—	
Jan	550.9	—	—	544.

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	581.5	—	—	580.4
Dec	583.0	584.0	579.8	582.0
Jan	586.6	—	—	584.5
March	590.6	592.0	586.5	589.5
May	596.0	597.0	592.0	594.8
July	601.5	603.5	600.0	600.4
Sept	607.4	—	—	606.3
Dec	616.5	617.5	613.0	615.4
Jan	619.8	—	—	618.7
March	628.3	—	—	625.2

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	6.30	6.23	6.23	6.35
March	6.76	6.84	6.73	6.86
May	6.90	6.94	6.89	6.97
July	7.00	7.04	7.00	7.09
Sept	7.09	—	—	7.19
Oct	7.17	7.22	7.17	7.28
Jan	7.42	—	—	7.50

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	61.02	61.17	60.55	60.80
Feb	58.27	58.35	57.85	58.02
April	58.67	58.85	58.35	58.55
June	57.70	57.75	57.40	57.47
Aug	56.20	56.20	56.00	55.96

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	53.55	54.07	53.50	53.82
Feb	49.65	50.35	49.55	49.52
April	44.25	44.80	44.10	44.12
June	46.42	46.95	46.35	46.47
July	46.00	46.40	46.00	45.95
Aug	44.77	45.45	44.75	44.52
Oct	41.20	41.95	41.15	41.85
Dec	42.02	41.15	42.02	42.05

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
Dec	172.2	174.4	172.0	173.2
March	181.4	183.2	181.2	182.0
May	186.4	188.2	186.2	187.2
July	188.6	189.8	188.6	189.2
Sept	190.2	191.4	190.2	190.4
Dec	194.6	196.0	194.2	194.6
March	202.4	202.6	202.0	202.2

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
Feb	66.80	68.52	66.65	67.57
March	67.52	68.75	67.45	66.80
May	67.15	68.17	67.00	66.77
July	65.87	68.77	65.70	64.77
Aug	63.62	64.40	63.25	62.60

SOYABEANS 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
Nov	502.6	503.2	499.0	498.6
Jan	504.2	505.6	500.6	500.2
March	507.4	509.0	505.0	504.6
May	510.0	511.4	509.2	508.6
July	512.6	514.2	511.6	511.4
Aug	510.0	—	—	509.2
Sept	502.0	—	—	501.4
Nov	504.0	506.0	503.6	503.6

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	150.9	151.4	150.3	149.9
Jan	150.7	151.0	149.9	149.4
March	150.8	151.2	150.3	149.9
May	151.1	151.2	150.6	150.2
July	151.3	151.3	150.7	150.2
Aug	151.5	151.5	150.9	150.4
Sept	151.0	151.0	150.5	149.4
Oct	150.5	150.5	150.6	150.7
Dec	151.3	151.3	151.3	151.0

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	15.16	15.34	15.00	15.33
Jan	15.29	15.48	15.17	15.46
March	15.61	15.78	15.50	15.75
May	15.83	16.00	15.75	15.90
July	16.00	16.15	15.90	16.10
Aug	16.11	16.25	16.08	16.20
Sept	16.06	16.30	16.05	16.10
Oct	16.00	16.30	16.00	16.09
Dec	16.30	16.40	16.30	16.40
Jan	16.27	16.25	16.30	16.42

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	282.2	283.4	280.0	283.0
March	268.4	268.6	267.2	269.4
May	254.2	256.0	254.0	254.6
July	242.2	244.0	242.2	243.6
Sept	244.0	244.4	243.6	244.2
Dec	251.2	252.4	251.0	251.2

FUTURES—Live cattle: Nov 96.00, Feb 98.30. Sales: Nil. Pigs: Nov 101.50, Feb 98.20, April 97.50, June 97.00. Sales: 11.

MEAT COMMISSION — Average fatstock prices at representative markets: GB—Cattle 93.89p per kg lw (−0.16); GB—Sheep 166.24p per kg est dcw (+3.73); GB—Pigs 79.27p per kg lw (+1.16).

SUGAR

LONDON DAILY PRICE — Raw sugar $153.00 (£108.00), up $2.50 a tonne for Nov/Dec delivery. White sugar $183.00, up $2.00.

No. 6 Contract	Yest'rdy 7.10 pm	Previous close	Business done
	$ per tonne		
Dec.	148.0	147.8	149.0-148.0
Mar.	152.0	155.6-154.8	155.4-151.8
May	154.8	158.4	158.8-154.8
Aug.	160.8	159.8	161.2-160.8
Oct	161.8	161.4	165.4-161.6
Dec.	—	164.2-167.4	—
Mar.	—	175.8	—

Sales: 2,193 (2,492) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £211.00 (£208.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for November 12 Daily price 6.00 (.01 15-day average 5.93 (5.92).

PARIS—(FFr per tonne): Dec 1195-1210, March 1242-1246, May 1265-1275, Aug 1300-1315, Oct 1335-1345, Dec 1370-1390.

FREIGHT FUTURES

Quietly easier in thin trading. No fresh physical news.

	Close	High/Low	Prev.
Dry Cargo			
Jan.	736/738	740/737	757/759
April	777/780	780/779	760/780
July	685/690	—	686/690
Oct.	777/780	—	778/790
Jan.	760/800	—	760/790
Apr.	870/900	769	857/885
July	760/775	—	751/780
Oct.	825/875	—	810/900
BFI.	779.5	—	781

Turnover: 54 (141).

	Close	High/Low	Prev.
Tankers			
Nov.	915/935	915	895/925
Dec.	970/1040	—	955/1025
Mar.	1000/1050	—	985/1040
June	—	—	970/1045
BTI.	895	—	878.5

Turnover: 12 (same).

OIL

Forward Brent gained 10 to 20 cents in thin trade. December WTI opened 15 cents down on Nymex and traded 12 cents up at 1.30 pm EST. In the petroleum products market gasoline and naphtha were quiet and steady with no deal seen, as traders awaited tomorrow's Opec meeting. Prompt gasoil was little talked and remained stable—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—Dec.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	13.85-13.95	−0.075
Brent Blend	14.85-14.95	+0.125
W.T.I. (1pm est)	15.48-15.55	+0.225
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	148-152	+2.0
Gas Oil	124-126	—
Heavy fuel oil	75-76	—
Naphtha	127-129	—

GAS OIL FUTURES

Month	Yest'rdy's close US $ per tonne	+ or −	Business Done
Dec.	130.25	+1.25	131.00-28.00
Jan.	133.75	+1.25	134.00-31.00
Feb.	135.50	+1.00	135.00-32.50
Mar.	129.50	−0.25	129.50-28.50
Apr.	128.50	+2.00	128.50-27.50

Turnover: 2,268 (1,877) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close US $ per tonne	+ or −	Business Done
Nov.	—	—	—
Dec.	76.00	−1.00	76.00-75.00
Jan.	—	—	—
Feb.	—	—	—

Turnover: 16 (36) lots of 100 tonnes.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues weaker trend

THE DOLLAR continued its weaker trend of the last few trading days, reflecting continued reluctance to hold long dollar positions ahead of today's (Friday) batch of US economic data. These include the report for retail sales in October, widely forecast to show a fall of as much as 4 per cent, and sluggish industrial production.

The dollar broke under a key chart support level at DM 2.02 and then slid further to breach another important level at DM 2.0180. But it found strong support in late trading just above DM 2.00.

Foreign exchange dealers reported some very large institutional orders to sell dollars in Europe, the Far East and the Middle East.

Signs that West Germany may be tightening credit conditions also contributed to the weakness of the dollar. Dealers cited the higher 4.40 per cent rate on the Bundesbank's securities repurchase tender this week as evidence that West German interest rates may now be set on a rising trend.

The dollar closed lower at DM 2.01 compared with the close on Wednesday at DM 2.0225 but held up well against the yen to close at Y160.65 from the previous close at Y160.60. Elsewhere, the dollar closed lower at SFr 1.6685 from SFr 1.6785 and at FFr 6.5775 from FFr 6.6150.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3700. October average 1.4270. Exchange rate index 68.2 against an opening 68.5 and Wednesday's close at 68.5. The six months ago figure was 76.1.

The pound continued this week's weak performance, undermined by the dollar's declines but also by nerves ahead of the meeting of a key committee of the Organisation of Petroleum Exporting Countries this weekend.

Dealers said there was also background concern about the prospects for the British economy next year with worry particularly focused on the current account of the balance of payments and inflation.

The pound recovered during the afternoon session, helped by a further fall in official unemployment figures and a rise in manufacturing output in figures reported yesterday.

This week's fall in sterling has revived speculation of a further rise in British base lending rates which aided the pound in late trading.

Sterling closed lower at DM 2.8650 compared with Wednesday's close at DM 2.8850 and also lost ground against the dollar to close at $1.4255 after $1.4270. Against the yen, it finished unchanged at Y229.25.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. October average 156.36.

Short covering on fears of central bank intervention boosted the dollar during the afternoon in Tokyo. The trend was accelerated after comments made by Mr David Mulford, US assistant Treasury Secretary, that a further rapid rise in the yen could be counter productive to Japan's economic growth. The US unit closed at Y161.65 from Y160.25 in New York and Y161.80 in Tokyo on Wednesday. Earlier in the day it had slipped below Y160.0. Despite the recovery trading remained nervous ahead of today's US economic statistics.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9740. October average 2.0038.

In Lagos the Nigerian Naira rose against the dollar to 3.52 naira compared with 3.62 previously.

£ IN NEW YORK

Nov 13	Latest	Previous Close
£ Spot	1.4250-1.4260	1.4240-1.4250
1 month	0.56-0.53 pm	0.60-0.59 pm
3 months	1.79-1.74 pm	1.86-1.83 pm
12 months	6.35-6.25 pm	6.40-6.32 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Nov. 13	Previous
8.30 am	68.5	68.9
9.00 am	68.2	68.8
10.00 am	68.0	68.6
11.00 am	68.0	68.4
Noon	68.1	68.5
1.00 pm	68.1	68.4
2.00 pm	68.0	68.4
3.00 pm	68.1	68.4
4.00 pm	68.2	68.5

CURRENCY RATES

Nov. 12	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.845419	0.726494
U.S. Dollar	5.5	1.20134	1.03002
Canadian $	8.58	*	1.42421
Austrian Sch.	4	17.0879	14.6716
Belgian Franc	8	50.4923	43.3073
Danish Kroner	7	9.15962	7.85650
Deutsche Mark	3½	2.42911	2.08374
Neth. Guilder	4½	2.74386	2.35329
French Franc	9½	7.95527	6.82081
Italian Lira	12	N/A	1442.80
Japanese Yen	3	192.515	165.556
Norway Krone	8	9.00284	7.72363
Spanish Peseta	[illegible]	163.262	140.083
Swedish Krona	7½	8.35292	7.16021
Swiss Franc	4	2.01705	1.72992
Greek Drach.	20½	166.326	142.832
Irish Punt	—	N/A	0.764679

* C$/SDR rate for Nov. 12: 1.66358

CURRENCY MOVEMENTS

November 13	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.2	−25.3
U.S. Dollar	111.0	+2.8
Canadian Dollar	77.5	−12.6
Austrian Schilling	133.1	+9.2
Belgian Franc	97.3	−5.7
Danish Krone	89.9	+2.4
Deutsche Mark	142.3	+19.7
Swiss Franc	166.5	+20.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.3073	+0.45	+1.09	±1.5368
Danish Krone	7.81701	7.85650	+0.51	+1.15	±1.6403
German D-Mark	2.11083	2.08374	−1.28	−0.64	±1.1127
French Franc	6.87316	6.82081	−0.76	−0.12	±1.3659
Dutch Guilder	2.37833	2.35329	−1.05	−0.41	±1.5059
Irish Punt	0.764976	0.764679	−0.04	+60	±1.6683
Italian Lira	1476.95	1442.80	−2.31	−1.97	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Nov. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4155-1.4260	1.4250-1.4260	0.58-0.55c pm	4.76	1.82-1.77 pm	5.04
Canada	1.9610-1.9750	1.9740-1.9750	0.44-0.34c pm	2.37	1.38-1.23 pm	2.64
Netherlands	3.23¾-3.25½	3.23¾-3.24¾	1½-1⅜c pm	5.33	4¼-4⅛ pm	5.64
Belgium	59.60-59.88	59.85-59.95	21-16c pm	3.71	62-53 pm	3.84
Denmark	10.81½-10.86¾	10.83¾-10.84¾	1¼-½ore pm	0.97	2½-1¼ pm	0.78
Ireland	1.0514-1.0571	1.0535-1.0545	0.16-0.28p dis	−2.50	0.49-0.85 dis	−2.54
W. Germany	2.86-2.89¼	2.86-2.87	1⅝-1½pf pm	6.28	4¼-4½ pm	6.46
Portugal	211.30-213.04	212.18-213.04	76-124c dis	−5.63	210-360 dis	−5.35
Spain	192.80-193.66	193.38-193.66	12-50c dis	−1.92	39-130 dis	−1.75
Italy	1982¼-1996½	1985¼-1986¼	3-par lire pm	0.91	5-2 pm	2.12
Norway	10.63½-10.71	10.70-10.71	2¾-3¼ore dis	−3.43	9⅜-10⅛ dis	−1.89
France	9.37-9.42¾	9.37-9.38	2⅝-2¼c pm	3.04	7¼-6⅞pm	2.91
Sweden	9.85¾-9.89¾	9.88-9.89	1⅞-1½ ore pm	2.05	6¼-5⅝pm	2.40
Japan	228½-229¾	228¾-229¾	1⅜-1¼y pm	6.54	3⅞-3⅝ pm	6.54
Austria	20.19-20.31	20.28-20.30	10-8¾gro pm	5.54	28¾-25¼ pm	5.34
Switzerland	2.37¼-2.39¾	2.37¼-2.38¼	1⅝-1⅜ c pm	7.57	4⅜-4⅛ pm	7.15

Belgian rate is for convertible francs. Financial franc 60.20-60.30. Six-month forward dollar 3.52-3.47 c pm. 12-month 6.50-6.40 c pm

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Nov. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4155-1.4260	1.4250-1.4260	0.58-0.55c pm	—	1.82-1.77 pm	—
Ireland†	1.3411-1.3555	1.3545-1.3555	0.98-0.88c pm	8.28	2.75-2.50 pm	7.79
Canada	1.3823-1.3850	1.3840-1.3850	0.26-0.29c dis	−2.39	0.81-0.86 dis	−2.42
Netherlands	2.2700-2.2960	2.2700-2.2710	0.11-0.09c pm	0.53	0.34-0.30pm	0.56
Belgium	41.95-42.28	41.95-42.05	3-5c dis	−1.14	11-15 dis	−1.24
Denmark	7.60-7.66¾	7.60-7.60½	1.85-2.35ore dis	−3.31	7.00-7.50 dis	−3.80
W. Germany	2.0070-2.0830	2.0095-2.005	0.25-0.22pf pm	1.39	0.70-0.65 pm	1.34
Portugal	149-149¾	149-149¾	115-145c dis	−10.45	340-440 dis	−10.45
Spain	135.61-136.30	135.75-135.85	65-85c dis	−6.62	200-230 dis	6.32
Italy	1392½-1406¾	1392¾-1393¾	4½-5½lire dis	−4.29	15½-17dis	−4.64
Norway	7.48½-7.51½	7.50½-7.51	5.05-5.35ore dis	−8.33	16.25-16.55dis	−8.75
France	6.57½-6.65	6.57½-6.58	1.10-1.20c dis	−2.08	4.10-4.50 dis	−2.60
Sweden	6.95¾-6.97¼	6.93¾-6.93¾	1.45-1.65 ore dis	−2.68	4.35-4.65 dis	−2.59
Japan	160.40-162.00	160.80-160.90	0.24-0.21 y pm	−1.68	0.60-0.55 pm	1.43
Austria	14.15¼-14.30½	14.15¼-14.15¾	1.20-0.70gro pm	0.80	2.00—par pm	0.28
Switzerland	1.6660-1.6875	1.6680-1.6690	0.44-0.39 c pm	2.97	0.93-0.88 pm	2.16

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 42.20-42.30.

EURO-CURRENCY INTEREST RATES

Nov. 13	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	9⅝-9⅞	9¾-9⅞	9¾-10⅞	11³⁄₁₆-11⁵⁄₁₆	11¼-11⅜	11¼-11⅜
U.S. Dollar	5⅞-6	5¹³⁄₁₆-6³⁄₁₆	5¹³⁄₁₆-6¹⁄₁₆	5¹³⁄₁₆-6¹⁄₁₆	5¹³⁄₁₆-6¹⁄₁₆	6¹⁄₁₆-6³⁄₁₆
Can. Dollar	8-8½	8-8½	8⅜-8⅞	8¼-8½	8⅞-8¹¹⁄₁₆	8¹¹⁄₁₆-8¹³⁄₁₆
D. Guilder	5¼-5⅜	5⅛-5⁷⁄₁₆	5⁷⁄₁₆-5⅜	5⅞-5⅝	5⅞-5⁹⁄₁₆	5⅞-5⅝
Sw. Franc	1⅜-1½	⅞-1⅛	3-3⅛	3⅛-3¹¹⁄₁₆	3⅞-4	3⅞-4
Deutschmark	4½-4⅝	4½-4⅝	4½-4⅝	4⅝-4⅞	4⅝-4¾	4¹¹⁄₁₆-4¹³⁄₁₆
Fr. Franc	7⅝-7⅞	7⅝-7⅞	8-8¼	8½-8¾	8½-8¾	8⅝-8⅝
Italian Lire	9-10	9⅝-10⅛	10¼-10¾	10⅝-10⅞	10½-10⅞	10½-10⅞
B. Fr. (Fin.)	7-7¼	7-7¼	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜
B. Fr. (Con.)	6⅞-7¼	7-7½	7-7½	7⅛-7⅝	7¼-7⅝	7¼-7⅝

FINANCIAL FUTURES

Heavy selling unnerves gilts

GILT PRICES finished sharply lower on the London International Financial Futures Exchange yesterday. Dealers and senior analysts reported what they termed panic selling during the morning as the December long gilt futures contract broke through a significant chart support level at 108-10 to a low of 107-10, an all-time low for this contract.

By the end of the session, the contract had pared some of its losses to end at 107-26. The selling reflected further price falls in the gilt-edged cash market in response to sterling's weakness yesterday.

Gilts have recorded successive days of price declines since the Autumn Statement last Thursday by Mr Nigel Lawson, Chancellor of the Exchequer. Traders and institutional investors are concerned about the deterioration in the balance of payments and about forecasts for a sharp rise in inflation by the end of next year.

The Exchange reported record turnover in long gilt futures with 23,600 contracts changing hands during the session. This is 22 per cent higher than the previous record for volume of 19,330 on September 25.

Around 2,800 options in long gilts also changed hands. Total volume in long gilts was valued at around £1.18bn.

Total volume in futures and options yesterday was around 40,000.

Mr Michael Jenkins, chief executive of LIFFE, said that the record volumes reflected the growing use by primary dealers in the gilt-edged cash market of futures and options to hedge their positions, especially in the early days of the newly-structured market after Big Bang on October 27.

Mr Jenkins also noted that markets had been nervous because of the weakening sterling exchange rate.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec.	Calls—Last Mar.	Puts—Last Dec.	Puts—Last Mar.
106	1.59	3.40	0.07	1.42
108	0.36	2.34	0.48	2.36
110	0.05	1.44	2.17	3.46
112	0.00	1.04	4.12	5.06
114	0.00	0.41	6.12	6.43
116	0.00	0.23	8.12	8.25
118	0.00	0.12	10.12	10.14
120	0.00	0.06	12.12	12.08

London rates up as pound falls

INTEREST RATES rose in London yesterday in reaction to sterling's weaker trend. Three-month interbank money was quoted at 11⅛-11¼ per cent up from 11¼-11⅛ per cent as the market showed concern that sterling's weaker trend could force the authorities to push clearing bank base rates firmer. Overnight interbank money opened at 9½-9¾ per cent and eased during the day to a low of 8 per cent before finishing at 7 per cent.

UK clearing bank base lending rate 11 per cent since October 15

The Bank of England forecast a shortage of around £200m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £298m and a rise in the note circulation a further £35m. In addition banks brought forward balances £25m below target. These were partly offset by Exchequer transactions which added £255m.

The Bank revised its forecast to a shortage of around £450m and gave assistance in the morning of £461m through outright purchases of £25m of Treasury bills in band 4, £5m of local authority bills and £431m of eligible bank bills all at 10⅞ per cent. There was no further help in the afternoon.

In Amsterdam the Dutch central bank accepted bids of Fl 1.6bn for special advances designed to ease money market liquidity. Funds will have to be repaid on November 21 and carry an interest rate of 5.6 per cent. The net amount of new money is below the allocation figure however as its introduction coincides with a maturing facility of Fl 2.1bn.

Despite the new allocation there was a feeling that the authorities were trying to tighten their grip on money market conditions. An increase in the rate of the latest special facility and an allocation which was less than expected tended to unsettle the market.

Appointments

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, November 12, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., London. ECU=$US1.02823 SDR1=$US1.20059

Eurodollar Libor as of November 12, at 11.00 a.m. 3 months: 6⅛ 6 months: 6⅛

Sibor as of November 12, at 11.00 a.m. 3 months: 6⅛ 6 months: 6⅛

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Gibraltar	Pound*	1.43	Papua New Guinea	Kina	0.9747
Albania	Lek	7.0629	Greece	Drachma	138.95	Paraguay	Guarani (o.c.) (4)	320.00
Algeria	Dinar	4.63	Greenland	Danish Krone	7.65		Guarani (d)	639.50
Andorra	French Franc	6.628	Grenada	E. Caribbean $	2.70	Peru	Inti (o)	13.95
	Spanish Peseta	136.10	Guadaloupe	Franc	6.628		Inti (f)	18.15
Angola	Kwanza	29.918	Guam	U.S. $	1.00	Philippines	Peso	20.44
Antigua	E. Caribbean $	2.70	Guatemala	Quetzal (o)	1.00	Pitcairn Islands	N.Z. Dollar	1.9298
Argentina	Austral	1.14		Quetzal (h, l)	2.66	Poland	Zloty (o)	199.59
Aruba	Florin	1.80	Guinea Bissau	Peso	170.479	Portugal	Escudo	149.13
Australia	Dollar	1.5518	Guinea Republic	Franc	340.00	Puerto Rico	U.S. $	1.00
Austria	Schilling	14.278		Franc (f)	300.00	Qatar	Riyal	3.641

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¾	100⅞	Exch. 13¼pc 1987	100⅛	+⅛	13.20	10.45
100⅞	97⅞	Treas 10¼pcCv '87	99⅝	.....	10.28	11.12
98⅞	92⅞	Exch 2½pc 1987	98⅞	+⅛	2.54	8.60
101⅞	97⅞	Exch. 10½pc 1987	99⅝	–⅛	10.53	11.24
98⅞	93⅞	Funding 6½pc 85-87	98⅞	.....	6.60	10.09
101¼	96⅞	Treas. 10pc 1987	99½	–⅛	10.06	11.27
97⅞	90⅞	Treas 3pc 1987	96⅞	.....	3.11	8.60
104½	99⅞	Treas. 12pc 1987	100⅞	–⅛	11.92	11.22
99⅞	92⅞	Treas 7¾pc 1985-88‡‡	96⅞	+⅛	8.02	10.68
104	96⅞	Exch 10½pc '88	98⅞	–⅛	10.61	11.33
102⅞	95⅞	Treas 9½pc Cv '88	97⅞	–⅛	9.96	11.38
94⅞	86⅞	Transport 3pc '78-88	91⅞	–⅛	3.28	8.79
102½	93⅞	Treas. 9½pc '88	96⅞	–⅛	9.81	11.36
107⅞	98⅞	Treas 11½pc 1989	100⅞	–⅛	11.50	11.42
103½	93⅞	Treas 9½pc Cnv 1989	96⅞	–⅛	9.89	11.41
92⅞	82⅞	Treas 3pc 1989	87⅞	–⅛	3.42	8.55
105⅞	95⅞	Treas 10½pc 1989	98⅞	–⅛	10.71	11.44
104⅞	94⅞	Exch 10pc 1989	96⅞	–⅛	10.36	11.48
107⅞	97	Exch 11pc 1989	98⅞	–⅛	11.12	11.42
93⅞	84⅞	Treas 5pc 1986-89	88⅞	–⅛	5.67	9.73
110⅞	94⅞	Exch 10¼pcCv '89	99⅞	–⅛	10.38	10.44
114⅞	103⅞	Treas 13pc 1990‡‡	103⅞	–⅛	12.52	11.47
108⅞	97⅞	Exch 11pc 1990‡‡	98⅞	–⅛	11.14	11.43
113⅞	101⅞	Exch. 12½pc 1990	102⅞	–⅛	12.15	11.49
89⅞	79⅞	Treas. 3pc 1990	83⅞	–⅛	3.60	8.64
100⅞	89⅞	Treas 8¼pc 1987-90‡‡	93⅞	+⅛	8.85	10.58
106⅞	93	Treas. 10pcCv 1990	95⅞	–⅛	10.47	11.45
86⅞	76½	Exch 2½pc 1990	80⅞	–⅛	3.13	8.48
[illegible]	[illegible]	Treas 11¾pc 1991	100⅞	–⅛	11.65	11.46

Five to Fifteen Years

Over Fifteen Years

Undated

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INDUSTRIALS—Continued

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[illegible]

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[illegible]

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[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	......	Fin. 13% 97/02	£96⅞	......
Craig & Rose £1	£35	......	Arnotts	265½xd	......
Finlay Pkg. 5p	47	......	CPI Hldgs	39	......
Holt (Jos) 25p	815	—3	Carrol Inds.	198	+5
IoM Stm. £1	75	......	Dublin Gas	12	......
			Hall (R. & H.)	80	......
IRISH			Helton Hldgs.	27½	......
Fund 11¾% 1988	£96¾	......	Irish Ropes	120	+5
Nat. 9¾% 84/89	£91¾	......	Unidare	260	+10

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LONDON STOCK EXCHANGE

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct 27	Nov 6	Nov 7	Nov 17
Nov 10	Nov 20	Nov 21	Dec 1
Nov 24	Dec 4	Dec 5	Dec 15

*New time dealings may take place from 9.00 am two business days earlier.

Record gilt futures trading as Government bonds and share prices give further ground

The UK securities markets took another tumble yesterday as a listless performance by the pound in the foreign exchange markets fuelled worries over domestic interest rates. Long gilt futures fell sharply in record trading, and net losses in Government bonds ranged to ¾ or ½ a point, with the occasional loss of a full point on record at the longer end. Equities also fell sharply, but closed well above their lowest levels.

Both sectors saw increased institutional selling, but both also staged a good recovery before the close. The renewed doubts over sterling were the prime factor in the discomfiture of the markets, which paid little heed to the announcement of the latest statistics on UK employment and earnings levels.

Government bonds opened with losses of up to half a point, and quickly gave further ground as the sellers came in. However, there were buyers in the market as well, and a good rally towards the close left prices more or less at their mid-morning levels. The FT Government securities index dipped 0.66 to 81.04.

On the London International Financial Futures Exchange (LIFFE), trading in the December Long Gilt contract, reached a new record daily total of 23,600, a volume of £1.18bn compared with the previous record of 19,330 on September 24. The contract dipped to 107.10 before closing at 107.26, against Wednesday's closing level of 108.20.

The stock market took its lead from gilt-edged, opening sharply down, giving further ground, and then rallying towards the end of the session.

The FT-SE 100 index ended a net 9.9 lower at 1644.6, after showing a losses of 20 points at mid-session. The FT Ordinary index at 1295.7, closed a net 9.4 down.

Oil stocks, nervous ahead of today's meeting of the Opec pricing committee, failed to develop a trend. London is uncertain about Opec's renewed attempts to raise crude prices.

The industrial blue chips were also lacking supporters, although a major Japanese house took the opportunity to buy Glaxo stock.

Insurance stocks resisted the market trend, with the help of good results from Royal, which disclosed excellent trading figures.

Royals rise

The increased pre-tax profits of £105.7m achieved by Royals in the third quarter proved much better-than-expected—estimates had ranged between £85m and £89m—and the shares advanced strongly to close the session 28 higher on balance at 826p. Royals' performance helped other Composites regain composure after Wednesday's depression caused by Commercial Union and General Accident's disappointing quarterly results. CU eased to 286p initially after comment on the figures before rallying well to finish a penny harder at 270p, while GA retrieved an early fall of 5 to close that much better at 835p. GRE put on 5 at 773p, but Sun Alliance closed a few pence off at 660p, after 650p.

Clearing banks succumbed to the general malaise. Barclays gave up 7 at 471p and NatWest relinquished 6 at 503p. Bank of Ireland cheapened 2 to 193p in reaction to the interim results. Elsewhere, Moorgate Mercantile, a rising market since Tuesday's excellent interim results, advanced 4 more to 62p, after 62½p, on the revelation that a subsidiary of Mr John Gunn's British and Commonwealth, holds a near-25 per cent stake in the company. Mercury International added 15 at 388p and Morgan Grenfell put on 4 at 410p.

A lively session developed among Breweries. Leading counters gave ground reflecting nervous offerings ahead of the imminent dividend season. Whitbread A, interim figures scheduled for next Wedneday, eased 5 to 275p, while the liquidation of speculative bull positions left Scottish and Newcastle a similar amount cheaper at 212p. In sharp contrast, Regionals encountered revived support on take-over prospects. Foremost on this front was Sunderland-based Vaux which spurted 30 for a two-day advance of 45 to 450p as Pleasurama were again mentioned as possible suitors. Morland also responded to fresh interest and closed 27 higher at 385p.

Buildings lower

Recently-firm leading Building issues succumbed to light profit-taking. BPB Industries gave up 14 to 508p, while Redland shed 7 to 394p. The disclosure that Adelaide Steamship holds a 6.3 per cent stake in the company failed to sustain Blue Circle which drifted back to close 9 off at 641p. Suggestions that Tarmac may launch a bid for Bryant Holdings which on Wednesday received a bid approach from English China Clays, left Tarmac 13 down at 448p. Bryant gained 5½ more to 144p. George Wimpey slipped 4 to 194½p and Costain lost 6 at 513p, but Barratt Developments attracted late buying interest and firmed 4 to 154p. Recent hgh-flyer Helical Bar came back 16 to 436p, but Conder attracted speculative support and rose 13 to 151p. Profit-taking clipped 12 from F. Copson at 103p, but Gleeson responded to satisfactory annual figures with an improvement of 2 at 340p.

Storehouse down

Leading Stores gave ground on revived interest rate uncertainties. Rumours that clearing bank base lending rates would soon rise to 12 per cent induced nervous selling which left Burton 8 lower at 273p and Dixon 7 off at 334p. Even Storehouse, which reported slightly better-than-expected interim profits yesterday, were affected and ended the session 14 down at 310p. Sears reflected fading takeover hopes and lost 3¼ at 128½p. Secondary issues took on more of an irregular appearance. Bentalls attracted support in the wake of Press comment and rose 9 to 141p.

Around 18m Plessey changed hands yesterday as analysts downgraded profit estimates for the full year in the wake of the group's interim results; the shares reacted to 178p at one stage before closing 9 down on balance at 180p. Other Electrical leders gave ground with BICC closing 5 off at 267p and British Telecom a few pence off at 197p.

Leading Engineers drifted lower in a small volume of trade. Elsewhere in the sector buying interest revived in Hobson which improved 2 to 38½p, but Simon drifted off 7 more to 312p awaiting further developments in the bid situation.

Foods easier

The Food leaders lost ground in the absence of buying interest. Tate and Lyle shed 10 to 584p on news that the Monopolies Commission's report into the company's proposed bid for S & W Berisford had been delayed, possibly until the New Year. Cadbury Schweppes slipped 4 to 182p and Rowntree Mackintosh softened a couple of pence to 417p. Unigate gave up 5 to 312p, as did Northern Foods, at 277p. Meat Trade Suppliers, a firm market of late on takeover hopes, fell 20 to 140p in the absence of any developments and Dalepak shed 6 to 153p for the same reason. J. E. England gained 9 to 125p following the interim results and acquisition proposals.

Grand Metropolitan attracted fresh support amid vague takeover rumours and further traded option activity and the close was 13 higher at 461p. Kennedy Brookes gained 11 to 285p on takeover hopes.

BTR advance

The majority of leading miscellaneous industrials trended lower, but BTR encountered a considerable amount of buying interest—9m shares changed hands yesterday—and closed 10 to the good at 297p. Bid speculation revived in Pilkington which advanced 10 to 540p, while Glaxo staged a late revival at 925p, up 7. In contrast, Unilever encountered profit-taking at £20¼, down ⅛, after recent firmness on the third-quarter figures. Reed International, 287p, and Reckitt and Colman, 807p, fell 8 apiece. Hanson remained active (11m), but eased further to settle 3¼ cheaper at 206½p. Elsewhere, confirmation of the Rapier contract prompted profit-taking in British Aerospace which ran back 11 to 488p. Smith Industries dipped 11 to 263p amid talk of a large line of shares on offer, but Redfearn National Glass responded afresh to the preliminary results with a further gain of 12 at 245p. Wellcome, also reflecting satisfactory yearly figures, improved 6 to 203½p, but lower annual earnings and the passing of the final dividend left High-Point Services 4 cheaper at 165p. Speculative demand prompted a gain of 9 to 29p in Charles Baynes. Fisons, reflecting a broker's downgraded profits forecast, gave up 9 to 556p.

LWT rose 9 to 465p following the good annual results, but Campari encountered profit-taking in the absence of the strongly-rumoured Swedish bid for the company and closed 11 down at 100p.

Motor component manufacturer Lucas Industries moved nearer to the year's lowest level, closing 7 down at 449p, but Armstrong Equipment recovered a small early loss to end a net 4½ higher at 132p. Turner and Newall's renewed offensive against AE came too late to affect the latter, unchanged at 268p.

John Waddington's cash call for £22.6m net via a proposed rights issue annulled the effects of good interim figures and the price slipped 10 to 205p. Conversely, demand ahead of the preliminary statement, expected next month, took Associated Paper up 13 to 243p. Cradley Print gained 5 to 76p, while TMD Advertising picked up 3 at 128p on the award of new business which raises total billings to near £80m.

Land Securities eased to 338p prior to closing a penny off at 342p after revealing interim profits much in line with market estimates. Elsewhere in the Property sector, Frogmore Estates firmed 4 to 220p following property acquisition news, while Grosvenor Square Properties jumped 28 to 128p on the announcement that the company is in preliminary talks which may lead to an offer. Hampton Trust added a penny to 44½p in reply to the good interim figures, while Hanover Druce gained 15 to 248p following the excellent interim results and proposed placing of convertible shares.

Ron Brierley's IEP (UK) moved a step nearer gaining control of Ocean Transport through a market raid. Hoare Govett bought 15.8m shares at a shade under the cash offer price of 260p per share, raising the IEP (UK) stake to around the 23.6 per cent. Institutions friendly to Ocean Transport also continued to top up their stakes and the price gained 4¼ to 254½p.

Business in Bulmer and Lumb suddenly improved ahead of the interim results, due on November 25, and the close was 8 higher at 116p.

Bid approaches were responsible for several sharp improvements in the Investment Trust sector. Early news of a possible offer sent Glasgow Stockholders up 15 to 161p, while a later announcement that Ifincorp, Earl and Co, had made approaches on behalf of a corporate client with a view to making recommended offers for both Ocean Wilsons and Scottish and Mercantile caused a flurry of interest. Ocean Wilsons rose 12 to 80p and Scottish and Mercantile "A" gained 5 to 98p. Trusts under the same management or associated with the latter also strengthened, Scottish Cities "A" rising to 520p before settling 36 up on balance at 508p and Lancashire and London jumping 22 to 176p. Among Financials, revived speculative buying pushed NMC Investments up 18 to 198p, but in the absence of fresh support Kellock came back 20 to 340p.

Oils mark time

The oil majors marked time ahead of today's Opec meeting in Ecuador. The Iranian oil minister's statement that overall production cuts were not needed to increase crude prices to around the $18 per barrel level failed to make any noticeable impact. The leaders settled a shade cheaper in the absence of any worthwhile buying interest. Elsewhere, Berkeley Exploration settled 2 cheaper at 54p following details of a recommended merger with Clyde Petroleum to be effected via an all share offer of 11 Clyde shares for 10 Berkeley with a cash alternative of 51.7p per Berkeley share. Clyde eased 4½ to 48p.

South African mining markets put on a firm showing for the fifth successive trading session. As on Wednesday, however, the sector's fresh advance was mainly attributable to currency influences rather than any marked resurgence of international demand.

The Financial Rand fared particularly well against the dollar, touching 25.25c at one stage reflecting US demand in front of the Congress-imposed deadline for new investment in the Republic. Johannesburg consequently presented an irregular appearance and the uncertain tone was mirrored in both London and the Continent. Nevertheless, dealers reported sizeable interest in selected heavyweight Golds, notably Vaal Reefs which settled over 2 points to the good at £59½, after £61¼. Support was also evident for Southvaal, £31½, Western Deep, £29¼, and Randfontein, £63¼, all of which improved by over a point. Kloof rose 31 more to 583p, as did Freegold to 850p. The FT Gold Mines index rose 11.9 more to 328.5—an advance of 24.8 so far this week.

London-domiciled Financial remained lively and Consolidated Gold Fields closed 7 up on balance at 698p after 704p amid escalating speculation that a break-up bid is imminent. RTZ, on the other hand, encountered sellers for choice and eased a few pence to 694p.

Australian markets were described as "listless" both before and after the announcement of a current account deficit in line with general estimates. Investors in Sydney and Melbourne as well as London, however, took the opportunity to establish fresh positions in Golds with gains of around 15 common to Sons of Gwalia, 353p, Metana, 286p, Central Norseman, 653p, and Gold Mines of Kalgoorlie, 648p. CRA were quoted at 237p ex-the A$300m rights issue.

Traded Options

Dealers again reported lively conditions in Traded Options. Total contracts transacted amounted to 43,466, comprising 31,008 calls and 12,458 puts. As in recent trading sessions, interest centred on Hanson Trust positions with 4,043 calls and 1,186 puts struck. Above-average demand was also evident for Grand Metropolitan and Lasmo which recorded 2,001 and 2,804 calls respectively. Pleasurama option favourite Lasmo returned to the limelight with 3,078 calls done. Business in puts was dominated by Dixons which recorded 1,819 trades.

Traditional Options

- First dealings Nov 3 Nov 17 Dec 1
- Last dealings Nov 14 Nov 28 Dec 12
- Last declaration Feb 5 Feb 19 Mar 5
- For Settlement Feb 16 Mar 2 Mar 16

For rate indications see end of Unit Trust Service.

Stocks favoured for the call included Central Securities, Equity and General, J. A. Devenish, Lyndon, Atlantic Resources, Stone International, Munton Brothers, Tesco, London International, New Court Natural Resources, Banro, Mecca, London and Continental Advertising, Racal, Blacks Leisure, STC, Johnson and Firth Brown, Dalock, Johnsen, British Commonwealth, Bridon, Hepworth Ceramic, Plessey and Wellman. A put was transacted in Saatchi Clothes, but no doubles were reported.

FINANCIAL TIMES STOCK INDICES

	Nov. 13	Nov. 12	Nov. 11	Nov. 10	Nov. 7	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	81.04	81.70	82.15	82.58	82.58	82.93	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.46	88.85	88.93	89.04	89.02	88.72	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1,295.7	1,305.1	1,311.7	1,313.5	1,317.2	1,081.1	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	328.5	316.6	309.1	304.2	300.1	263.9	357.8 (22/4)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.51	4.37	4.35	4.35	4.31	4.45				
Earnings Yld.% (full)	10.46	10.09	10.05	9.98	9.954	11.04				
P/E Ratio (net) (*)	11.70	12.13	12.17	12.26	12.29	11.16				
SEAQ Bargains (5pm)	27,780	32,691	30,909	34,978	34,411	—				
Equity Turnover (£m)	—	1184.32	900.78	1,034.96	1,083.04	722.60				
Equity Bargains	—	54,958	46,244	47,949	42,029	23,769				
Shares Traded (ml)	—	456.4	418.4	494.3	515.4	367.5				

S.E. ACTIVITY

Indices	Nov. 12	Nov. 11
Gilt Edged Bargains	182.3	145.9
Equity Bargains	356.1	299.6
Equity Value	2393.8	1820.7
5-Day Average		
Gilt Edged Bargains	151.6	147.2
Equity Bargains	316.5	299.3
Equity Value	2205.7	2202.4

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1293.3	1295.4	1294.8	1287.7	1289.4	1291.0	1293.2	1293.9

Day's High 1295.7. Day's Low 1286.6.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.23.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (115)

AMERICANS (4), CANADIANS (5), BANKS (1), BREWERS (4), BUILDINGS (5), CHEMICALS (3), STORES (2), ELECTRICALS (4), ENGINEERING (2), FOODS (3), HOTELS (3), INDUSTRIALS (16), LEISURE (4), PAPER (3), PROPERTY (9), SHIPPING (1), SOUTH AFRICANS (1), TEXTILES (1), TRUSTS (30), OILS (3), OVERSEAS TRADERS (4), PLANTATIONS (1), MINES (6).

NEW LOWS (43)

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thursday November 13 1986

[illegible]

FIXED INTEREST

[illegible]

LONDON TRADED OPTIONS

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

BASE LENDING RATES

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Nov. 13	Price Sch	+ or —
Creditanst'lt pp	2,240	+10
Goesser	14,250	
Interunfall	13,500	
Jungbunzlauer	14,200	-100
Laenderbank	8,835	+5
Perlmooser	630	
Steyr Daimler	158	
Veitscher Mag	11,090	-70

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

NETHERLANDS

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

GERMANY

[illegible]

ITALY

[illegible]

FRANCE

[illegible]

NORWAY

Nov. 13	Price Kroner	+ or —
Bergens Bank	203	+1
Borregaad	355	....
Christiana Bank	284.5	+1.5
Den Norske Cred.	190	-1
Elkem	101	+1
Kosmos	144.5	....
Kvaerner	195	+4.5
Norcem	126	-1.5
Norsk Data	216.5	-1.5
Norsk Hydro	146	+1
Storebrand	319	+8.5

SPAIN

Nov. 13	Price Pta %	+ or —
Bco Bilbao	1,077	-23
Bco Central	850	....
Bco Exterior	350	....
Bco Hispano	450	+20
Bco Popular	1,117	+11
Bco Santander	854	-1
Bco Vizcaya	1,300	-5
Dragados	368	+12
Hidrola	102	+1.3
Iberduero	139.5	+1.5
Petroleos	295	+5
Telefonica	153.5	+3.3

SWEDEN

Nov. 13	Price Kroner	+ or —
AGA	205	-2
Alfa-Laval B	317	+2
ASEA (Free)	370	....
Astr (Free)	575	-2
Atlas Copco	211	-4
BeijerA.B.	190	-3
Cardo (Free)	200	....
Cellulosa	290	-1
Electrolux B	343	+1
EricssonB.	236	-6
Esselte	165	-2
Mo och Domsjo	295	+7
Pharmacia	197	-3
Saab Scania Free	745	-10
Sandvik	170	-2
Skandia	147	-2
Skan Enskilda	133	-1
SKF	373	+3
StoraKopparbrg.	304	+3
Sven. Handelsbk	467	-12
Swedish Match	462	+2
Volvo B (Free)	384	-4

SWITZERLAND

Nov. 13	Price Frs.	+ or —
Adia Intl	8,475	+75
Alusuisse	580	+10
Bank Leu	3,800	+10
Brown Boveri	1,750	+80
Ciba Geigy	3,410	+110
do. (Part Certs)	2,520	+35
Credit Suisse	3,650	+5
Elektrowatt	3,390	+15
Fischer (Geo)	1,875	+45
Hoff.Roche PtCts	112,000	....
Hoff-Roche 1/10	11,450	+450
Jacobs Suchard	8,325	....
Jelmoli	4,150	-75
Landis & Gyr	1,840	....
Nestle	8,875	+100
Oer-Buehrle	1,550	-20
Pirel II	457	+7
Sandoz (Br)	10,150	+250
Sandoz (Pt Cts)	1,590	+10
Schindler (Pt Cts)	505	+20
Sika	1,520	+10
Surveillance A	8,300	+100
Swissair	1,210	-15
Swiss Bank	529	+3
Swiss Reinsce	18,400	-50
Swiss Volksbk	2,620	+10
Union Bank	5,855	+25
Winterthur Inh	6,975	....
Zurich Ins	8,000	-25

AUSTRALIA

Nov. 13	Price Aust. $	+ or —
ACI Intl	4.05	+0.05
Adelaide Steams	13.4	-0.1
Amcor	4.0	+0.1
ANZ Group	5.56	-0.02
Ampol Pet	2.7	-0.05
Ashton	2.32	+0.02
Aust. Guarantee	3.3	....
Aust. Nat. Inds	2.88	....
Bell Group	8.1	-0.1
Bell Res	4.2	....
Bond Corp Hldgs	2.7	-0.03
Boral	4.05	-0.15
Bougainville	3.1	....
Brambles Inds	7.36	-0.04
Bridge Oil	0.75	+0.01
B. H. Prop	8.48	-0.02
Burns Philp	8.8	....
CRA	7.3	-0.4
CSR	2.82	-0.0
Chase Corp	6.2	....
Claremont Pet	0.95	+0.05
Coles-Myer	5.56	+0.02
Comalco 'A'	2.5	+0.05
Consolidated Pet	0.27	....
Costain Aust	3.0	....
Elders IXL	4.08	+0.05
Energ Res	1.65	....

AUSTRALIA (continued)

Nov. 13	Price Aust. $	+ or —
Gen. Prop. Trust	2.65	....
Hardie (James)	3.88	-0.02
Hartogen Energy	2.4	-0.02
Herald W'yTimes	7.6	-0.06
ICI Aust	2.5	+0.04
Industrial Equity	5.36xr	-0.14
Jimberlana F.P.	0.36	....
Kia Ora Gold	0.55	-0.05
Kidston Gold	6.1	....
Land Lease	10.6	-0.15
MIM	2.32	-0.08
Mayne Nickless	5.4	....
Nat. Aust. Bank	5.18	-0.12
News	35.0	....
Nicholas Kiwi	3.80	....
Noranda (P.P/pd)	1.9	....
North Broken Hill	2.64	-0.01
Oakbridge	0.65	-0.05
Pacific Dunlop	3.48	+0.05
Pancontinental	2.8	+0.08
Pioneer Conc	3.05	-0.07
Placer Pacific	2.65	+0.01
Poseidon	5.14	+0.04
Queensland Coal	1.64	-0.02
Reckitt & Colman	6.36	....
Santos	4.3	+0.02
Smith Howard	4.45	-0.15
Thos. Natwide	3.72	....
Tooth	6.5	+0.1
Vamgas	2.65	+0.05
Western Mining	4.6	....
Westpac Bank	4.62	-0.08
Woodside Petrol	1.31	+0.11
Woolworths	3.8	....
Wormald Intl	4.36	-0.04

HONG KONG

Nov. 13	Price H.K.$	+ or —
Bank East Asia	20.5	+0.4
Cathay Pacific	5.4	+0.05
Cheung Kong	31.75	+0.25
China Light	20.2	+0.1
Evergo	0.65	+0.01
Hang Seng Bank	54	....
Henderson Land	3.57	+0.07
HK China Gas	18.5	+0.3
HK Electric	10.1	....
HK Kowloon Wh.	8.25	+0.05
HK Land	6.2	+0.05
HK Shanghai Bk.	8.0	....
HK Telephone	14.7	+0.1
Hutchinson Wpa.	41.5	+0.25
Jardine Math.	19.6	+0.2
New World Dev.	8.75	+0.05
SHK Props	20.2	+0.3
Shell Elect	0.81	+0.01
Swire Pac A	16.6	+0.1
TV—B	9.0	+0.25
Winsor Inds	8.55	+0.05
World Int. Hldgs.	3.17	+0.07

JAPAN

Nov. 13	Price Yen	+ or —
Ajinomoto	1,750	-10
All Nippon Air	920	-5
Alps Electric	2,080	+40
Asahi Chem	772	-18
Asahi Glass	1,270	-20
Bank Tokyo	850	+3
Bridgestone	676	-11
Brother Inds	629	+4
Canon	1,050	....
Casio Comp	1,410	-10
Chugai Pharm	1,200	+20
Daiei	1,320	....
Dai-ichi Kan. Bk.	1,670	-10
Dai Nippon Ink	549	+64
Dai Nippon Ptg	1,780	....
Daiwa House	1,750	-60
Daiwa Sec	1,650	+10
Eisai	1,760	+10
Fanuc	6,260	-90
Fuji Bank	1,670	....
Fuji Film	3,110	-38
Fujisawa	1,330	+80
Fujitsu	1,010	-40
F'urukawa Elect.	610	-5
Green Cross	2,570	-10
Heiwa Real Est	998	+3
Hitachi	975	-16
Hitachi Credit	1,650	+30
Honda	1,210	-10
Indl. Bk. Japan	1,890	+10
Ishikawajima Hr.	420	-10
Isuzu Motor	345	-6
Itoh (C)	747	-13
Ito Yokado	4,030	....
JAL	9,920	-60
Jusco	1,510	-20
Kajima	1,180	-40
Kao Corp	1,540	+10
Kawasaki Steel	176	+1
Kirin	1,420	+10
Ko Steelbe	158	-3
Komatsu	500	+21
Konishiroku	619	-6
Kubota	370	-15
Kumagai	1,120	-20
Kyocera	4,130	-40
Marubeni	504	+9
Marui	2,710	+20
Madza Motors	371	+1
Meiji Seika	780	-16
MIE	1,770	-30
M'bishi Bank	1,640	....
M'bishi Chem	710	+11
M'bishi Corp	1,000	-40
M'bishi Elect	407	-3
M'bishi Estate	2,190	-50

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Closing prices November 13

[illegible]

MONTREAL

Closing prices November 13

[illegible]

Indices

NEW YORK

[illegible]

OVER-THE-COUNTER Nasdaq national market, closing prices

Continued from Page 47

[illegible]

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Ass Paper	243	+13
BTR	297	+10
Bentalls	141	+9
Bulmer & Lumb	116	+8
England (JE)	125	+9
Glasgow Secs	161	+15
Grand Met	461	+13
Grosvenor Sq	128	+28
Lanc & Lond	176	+22
Moorgate Merc	62	+4
Morland	385	+27
NMC Invs	198	+19
Ocean Wilsons	80	+12
Redfearn Nat	245	+12
Royal Ins	822	+30
Scottish & M	98	+5
Scot Cities A	508	+38
Vaal Reefs	£39⅝	+2¼
Vaux	450	+30

FALLS

BPB Inds	508	-14
Burton	273	-8
Campari Intl	100	-11
Copson (F)	103	-12
Kellock Trust	240	-20
Meat Trade	140	-20
Plessey	180	-9
Smiths Inds	263	-11
Storehouse	310	-14
Tarmac	448	-13
Waddington (J)	205	-10

UK COMPANY NEWS — IN-DEPTH REPORTING DAILY IN THE FT

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
17¾	10⅝	Sabine .04		.3		206	14½			
18½	10⅞	SabnR 1.56e		12.	7	158	13	12⅞	13	+⅛
22⅝	13¾	SigdBs .30		1.4	35	9925	21	20¼	20⅞	+⅝
16½	8¼	SigdSc			17	91	16	15⅝	15⅝	−¼
5⅜	2	SigdS wt				86	4⅝	4⅜	4⅜	−⅜
38¾	23⅞	SaltKl s .32		.9	28	382	34¾	34¼	34⅜	+⅛
67⅞	34¼	Safewy1.70		2.8	21	3264	61¾	61¼	61¾	+⅜
38¼	20½	StJoLP1.88		4.8	11	93	u39	38½	39	+¾
17½	7	vjSalant			13	3	13⅛	13	13⅛	+⅛
66⅝	33½	SallieM .24		.4	28	1567	66⅝	66⅛	66⅜	−⅛
52⅞	49½	SallM pf2.85e		5.6		100	50⅞	50⅞	50⅞	−⅛
59⅜	37⅜	Salomn .64		1.5	11	2959	42⅛	41⅜	41⅜	−⅜
42½	25⅞	SDieGs2.38		6.5	10	591	36⅞	36⅝	36⅝	−⅛
8⅞	6⅞	SJuanB50e		6.0		748	8½	8¼	8⅜	+⅛
12⅜	9⅜	SJuanR 2c				1	9½	9½	9½	
32¾	22⅝	SAntR2.04		6.9	17	212	30¼	29⅜	29⅜	−⅞
25⅜	16½	SFeEP n2.88		14.		39	20½	20¼	20¼	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
45¾	26½	ZaleCp 1.40		3.3		589	45	42¾	42¾	−2¼
9½	2¼	Zapata .03j				453	2½	2⅜	2⅜	
43⅞	20¾	Zayre s .32		1.2	19	4277	27½	26¼	26¾	−⅜
17	9¾	Zemex .40		3.5	12	23	11⅝	11¼	11⅜	+⅛
29⅞	17⅜	ZenithE				1774	21	20⅝	20⅝	−⅝
18¼	8	ZenLb s			63	1881	10½	9¾	10	−½
22⅜	12⅝	Zero s .29		2.0	15	72	14⅞	14¾	14¾	
45¾	32¾	Zurnin 1.32		3.4	15	23	38¾	38½	38½	−¼
10⅝	9½	Zweig n				387	9⅞	9¾	9¾	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are *shown for the new stock only*. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 45

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET
Late slide on rush of profit-taking

PROFIT-TAKING prompted by growing caution over the wave of takeover and restructuring proposals and ahead of economic news today sent stock prices sliding in the last hour of trading yesterday on Wall Street, *writes Roderick Oram in New York.*

Bond prices were essentially unchanged as investors and dealers waited with more interest than usual in recent months for the release of money supply figures, fearing they might prompt a mild tightening of monetary policy by the Federal Reserve.

The Dow Jones industrial average closed down 31.50 points at 1,862.20. The New York Stock Exchange composite index shed 1.86 points to 140.03 on moderately heavy volume of 165.1m shares with declines outnumbering advances by more than two to one.

With arbitrageurs losing money in a number of recent takeover and restructuring situations – rumoured and actual – the market generally has become more cautious this week. Such takeover speculation has been the main force behind the last 150 points or so rise in the Dow Jones industrial average, analysts said.

Yesterday's downturn was exacerbated by some selling programmes linked to stock index options but not on the same wide scale seen in the market's sharp fall in mid-September, they added.

Among blue chips AT & T was off $⅝ at $25, Boeing fell $¾ to $50⅝, Dow Chemical lost $1⅞ to $55⅝, ITT lost $1½ to $53¼, Mobil edged up $⅝ to $39¾ as oil prices firmed, General Motors fell $1⅞ to $70⅝ and United Technologies lost $⅝ to $44½.

Lockheed rose $2⅝ to $47⅝ on rumours that Ford Motor, down $1⅛ to $56, was interested in buying it. Lockheed said there was no substance to the speculation.

Borg-Warner was unchanged at $41¼ after it had said it was selling its financial services subsidiary as part of a restructuring to increase shareholder value. Mr Irwin Jacobs, the Minneapolis investor, has a 7.8 per cent stake in the company and said he might seek control. Other raiders including GAF, down $⅝ to $41, are believed to be acquiring shares.

Gelco, the transport leasing company, fell $4⅝ to $18⅛. Coniston Partners terminated its $26-a-share offer and returned tendered shares after failing to overturn in court Gelco's defences.

Among other companies thought to be candidates for takeover or restructuring Gillette lost $½ to $57¾ despite being downgraded by some Wall Street analysts, Pandick rose $⅛ to $24⅝, Xerox gained $⅝ to $58⅝ and Archer-Daniels-Midland eased $⅛ to $22⅝.

Staley Continental, which like Archer-Daniels could benefit from the easing of competitive pressures in their corn milling businesses, fell $1⅛ to $32⅞ after it announced plans to offer 4m common shares.

Pepsico lost $1⅜ to $27⅞. It is suing Coca-Cola, down $1 to $36⅝, for allegedly persuading Wendy's restaurants to switch to Coke from Pepsi as soft-drink suppliers.

Holiday Corp, the Holiday Inns hotel chain, fell $2 to $74⅛. It announced on Wednesday a variety of defences including a share buy-back to thwart expected takeover offers.

Ponderosa, a chain of self-service steak restaurants, edged up $⅜ to $26⅝. Mr Asher Edelman, who recently dropped a bid for Lucky Stores, was thought to have built up a 5 per cent holding.

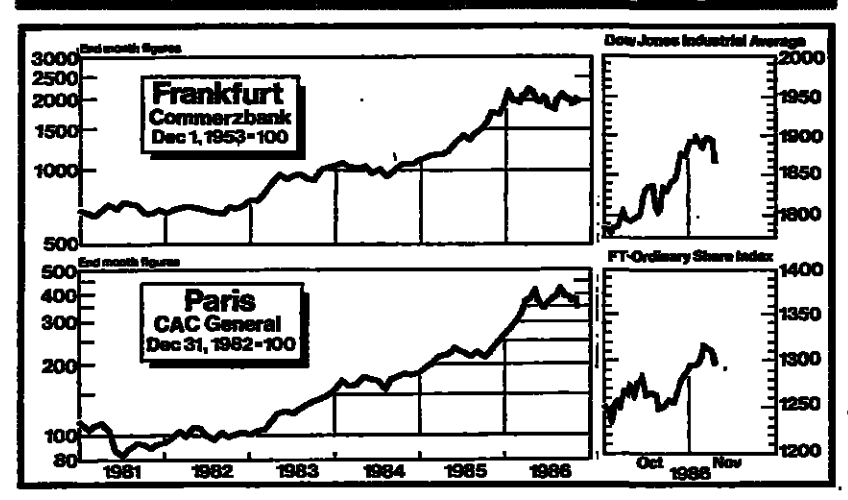
Maytag, the appliance manufacturer, said it would buy back up to 5m shares, equal to 11.5 per cent of the total. Its price rose $1⅛ to $42⅞.

Continuing the trend of strong earnings growth from retailers, Carter Hawley Hale, off $1⅛ at $42⅞, reported third-quarter profits of 44 cents a share against 12 cents. Dayton Hudson, however, forecast lower profits. Its shares fell $1⅞ to $43⅞.

In the credit markets, bond prices were little changed following the late afternoon rally on Wednesday after the Federal Reserve had injected reserves into the financial system.

The price of the new benchmark 7.50 per cent Treasury long bond slipped 1/32 point to 98 29/32 at which it yielded 7.59 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Nov 13	Previous	Year ago
NEW YORK			
DJ Industrials	1,878.94*	1,893.70	1,427.75
DJ Transport	839.25*	840.13	680.01
DJ Utilities	210.39*	211.54	164.80
S&P Composite	244.70*	246.64	197.10
LONDON			
FT Ord	1,295.7	1,305.1	1,081.1
FT-SE 100	1,644.6	1,654.5	1,396.9
FT-A All-share	815.85	820.86	696.04
FT-A 500	893.37	899.76	763.12
FT Gold mines	328.5	316.6	263.9
FT-A Long gilt	10.71	10.59	10.03
TOKYO			
Nikkei	17,438.47	17,447.89	12,716.3
Tokyo SE	1,435.75	1,438.32	1,000.19
AUSTRALIA			
All Ord.	1,379.0	1,380.9	1,010.4
Metals & Mins.	685.1	689.0	500.0
AUSTRIA			
Credit Aktien	231.25	229.72	206.20
BELGIUM			
Belgian SE	4,091.98	4,076.40	2,895.76
CANADA			
Toronto			
Metals & Minls	2,126.7	2,145.20	1,866.0
Composite	3,072.2	3,088.70	2,772.6
Montreal			
Portfolio	547.11	559.05	134.64
DENMARK			
SE	–	187.45	229.86
FRANCE			
CAC Gen	343.30	379.90	231.0
Ind. Tendance	144.30	144.80	86.3
WEST GERMANY			
FAZ-Aktien	660.32	659.90	589.64
Commerzbank	1,986.40	1,984.80	1,742.0
HONG KONG			
Hang Seng	2,261.45	2,239.71	1,747.18
ITALY			
Banca Comm.	754.68	756.22	407.06
NETHERLANDS			
ANP-CBS Gen	282.60	285.60	233.1
ANP-CBS Ind	283.50	–	210.5
NORWAY			
Oslo SE	381.04	380.56	406.73
SINGAPORE			
Straits Times	893.26	896.71	768.46
SOUTH AFRICA			
JSE Golds	—	1,839.0	1,137.8
JSE Industrials	—	1,419.0	927.1
SPAIN			
Madrid SE	175.90	175.13	98.21
SWEDEN			
J & P	2,657.97	2,670.87	1,536.01
SWITZERLAND			
Swiss Bank Ind	569.20	561.40	522.8
WORLD	Nov 12	Previous	Year ago
MS Capital Int'l	344.1	340.8	238.0

COMMODITIES

(London)	Nov 13	Prev
Silver (spot fixing)	407.05p	402.85p
Copper (cash)	£911.50	£910.00
Coffee (Jan)	£2,172.50	£2,092.00
Oil (Brent blend)	$14.875	$14.775

GOLD (per ounce)

	Nov 13	Prev
London	n/a	$405.50
Zürich	$407.75	$407.25
Paris (fixing)	$407.22	$405.76
Luxembourg	$406.80	$406.85
New York (Dec)	$409.5	$409.4

CURRENCIES

(London)	US DOLLAR Nov 13	US DOLLAR Previous	STERLING Nov 13	STERLING Previous
$	–	–	1.4255	1.4270
DM	2.02975	2.0225	2.865	2.885
Yen	160.85	160.60	229.25	229.25
FFr	6.5775	6.615	9.375	9.44
SFr	1.6685	1.6785	2.3775	2.395
Guilder	2.2705	2.2850	3.2375	3.26
Lira	1,393	1,399	1,986.0	1,996.50
BFr	42.00	42.05	59.90	60.00
C$	1.3845	1.3855	1.9745	1.9750

INTEREST RATES

	Nov 13	Prev
Euro-currencies (3-month offered rate)		
£	11 5/16	11
SFr	3 15/16	4
DM	4¾	4 13/16
FFr	8⅝	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	6 1/16	6⅛
6-month US$	6 1/16	6⅛
US Fed Funds	5 15/16*	5⅞
US 3-month CDs	5.65*	5.925
US 3-month T-bills	5.38*	5.53

US BONDS

Treasury

		November 13* Price	November 13* Yield	Prev Price	Prev Yield
6⅝	1988	100 1/32	6.339	100	6.356
7¼	1993	99 27/32	7.153	99 29/32	7.19
7⅜	1996	99 19/32	7.312	99⅝	7.353
7¼	2016	99⅝	7.58	98 19/32	7.63

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index (Nov 13*)	Day's change (Nov 13*)	Yield	Day's change
1–30	157.90	+0.46	7.05	–0.04
1–10	150.81	+0.22	6.73	–0.04
1– 3	141.34	+0.14	6.31	–0.04
3– 5	153.68	+0.25	6.85	–0.04
15–30	183.36	+1.31	8.13	–0.07

Source: Merrill Lynch

Corporate	November 13* Price	November 13* Yield	Prev Price	Prev Yield
AT & T				
3⅛ July 1990	92.102	6.35	92.102	6.35
SCBT South Central				
10⅛ Jan 1993	106.875	9.409	106.75	9.436
Phibro-Sal				
8 April 1996	98.25	8.269	98.00	8.309
TRW				
8⅜ March 1996	102.50	8.354	102.00	8.433
Arco				
9⅞ March 2016	106.50	9.227	106.25	9.25
General Motors				
8⅝ April 2016	91.00	8.999	90.00	9.108
Citicorp				
9⅜ March 2016	97.25	9.656	97.375	9.642

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	97–03	97–18	96–30	98–31
US Treasury Bills (IMM) $1m points of 100%				
Dec	94.67	94.70	94.67	94.66
Certificates of Deposit (IMM) $1m points of 100%				
Sep	n/a	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	93.94	93.95	93.93	93.92
20-year Notional Gilt £50,000 32nds of 100%				
Dec	107–26	107–30	107–10	108–20

** Latest available figures*

TOKYO
Speculative issues take the limelight

CAUTION prevailed in Tokyo yesterday following a five-day rising streak, and share prices edged lower, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average eased 9.42 to 17,438.47 on a volume of 493.36m shares, down from 595.55m shares on Wednesday. Declines led advances by 420 to 381, with 163 issues unchanged.

Medium-priced and low-priced speculative issues were in the spotlight, replacing large-capital, consumer and blue-chip stocks. This reflected the uncertain market outlook.

Japan Steel Works remained the most active stock for the seventh day running, with 65.36m shares changing hands. It added Y10 to Y405 after earlier climbing to Y420. Buying interest in the stock had been sparked by reports that the firm planned to redevelop its plant site in suburban Tokyo. But it has now become a target of speculators.

Taisei fell Y10 to Y845 and Nippon Kokan Y3 to Y225 after rising on Wednesday on news that they and other firms may redevelop areas along Tokyo Bay.

Dainippon Ink and Chemicals surged Y64 to Y549 on turnover of 26.39m shares due to late buying, triggered by reports that it would achieve a record recurring profit for the fifth consecutive year. It reached Y564 at one stage, inspiring other chemicals. Mitsui Toatsu Chemicals strengthened Y17 to Y339 and Showa Denko Y32 to Y359.

Conversely, consumer stocks and large-capitals were dull. Kawasaki Heavy Industries weakened Y14 to Y202, Ishikawajima-Harima Heavy Industries Y10 to Y420, Mitsubishi Heavy Industries Y4 to Y429 and Tokyo Electric Power Y60 to Y7,730.

Behind the lacklustre performance of these issues was the fact that the Nikkei index had recouped more than half the ground it had lost since reaching a record in August this year. Some investors and brokerages also feared that another round of increases might touch off heavy selling by institutional investors who had bought shares at high levels.

Among large capitals, only Tokyo Gas gained Y20 to Y1,030.

International populars lost strength almost across the board on weak buying. NEC sagged Y40 to Y1,910, Matsushita Electric Industrial Y30 to Y1,770 and Hitachi Y15 to Y975.

Bonds hardly moved because of a lack of incentives after opening higher due to the overnight firming of US Treasury bonds in New York.

The yield on the benchmark 6.2 per cent government bond maturing in July 1995 fell from 5.145 to 5.140 per cent. Although the Bank of Japan has been guiding short-term interest rates lower following the fourth discount-rate cut this year, investors kept a low profile. This was because the appropriate level for long-term interest rates remained uncertain, market sources said. Dealers and institutionals were also awaiting the October figures for US money supply and retail sales.

SOUTH AFRICA

THE RISING financial rand continued to depress golds in Johannesburg. Randfontein fell R8 to R380, Harmony R2 to R43 and Driefontein 25 cents to R68.75.

A similar trend was seen in other minings, with De Beers, the diamond group, down 25 cents to R33 and Rustenburg Platinum off 50 cents at R48.50. Mining financial Anglo American was unchanged at R67.40.

Among industrials Barlow Rand lost 75 cents to R20.75 while Barclays Bank was steady at R23.25.

EUROPE
Blue chips lift Brussels to record

STRONG ADVANCES by a number of blue-chip stocks took the Brussels bourse index to a record high for the second day running although the wider trend was weak as profit-taking set in.

The index rose 15.56 to 4,091.98 for an 86-point rise since Monday, but reaction was more mixed than on Wednesday to the Government's measures to stimulate private investment in equities.

Key advances included insurer AG which made its second 10 per cent leap in two days, advancing BFr 3,300 to BFr 36,300.

Banks were mixed, with Générale up BFr 70 to BFr 6,060 but Kredietbank losing BFr 80 to BFr 14,420.

Underscoring the two-way pull on the market, bellwether stock Petrofina lost BFr 220 to BFr 9,520.

Retailer GB Inno lost BFr 130 of its BFr 380 rise on Wednesday to close at BFr 5,820.

Frankfurt recovered some of the losses of the two previous days, but trading was thin and the upturn was seen purely as a technical reaction to the depressing effect earlier this week of VW's drop in profits.

The Commerzbank index rose 1.6 to 1,986.4.

VW picked up, adding DM 6.40 to DM 433.60. The car sector also saw BMW rise DM 6 to DM 567, but Daimler eased DM 1 to DM 1,260.

Banks were higher across the board, apparently helped by the repurchase by the unions of the heavily indebted Neue Heimat housing group. Deutsche Bank advanced DM 14.50 to DM 788, and Dresdner put on DM 4.50 to DM 397.50.

Bonds closed mainly easier under the influence of a newly launched federal government loan stock with more generous terms than expected. The Bundesbank sold DM 49.9m worth of paper.

Zurich rallied on the back of active buying of Hoffman-La Roche shares. Nestlé, rumoured to be the buyer, said it did not know of a reason for the demand. Hoffman registered shares closed SFr 13,000 higher at SFr 162,000 and its bearer shares added SFr 450 to SFr 11,450. Nestlé bearer rose SFr100 to SFr 8,875.

The activity helped Sandoz which has suffered after admitting it spilt toxic chemicals into the Rhine. Sandoz bearer shares rose SFr 250 to SFr 10,150, helped also by bargain-hunting.

Ciba-Geigy, also hit by worries about polluting the Rhine, gained SFr 110 to SFr 3,410.

Amsterdam suffered amid worries of higher interest rates and fears that the US economy would continue to show a downturn when today's key economic data are released.

Internationals were lower across the board, including Philips, down 90 cents to Fl 43.90, Royal Dutch, Fl 1.30 to Fl 206.50, and Unilever, Fl 9 to Fl 502.50.

Hoogovens, the steel group, reflected concern at an expected fall in year-end profits. It closed Fl 2.30 lower at Fl 51.20.

Paris languished as investors searched in vain for fresh factors.

Among the blue chips Elf Aquitaine was unchanged at FFr 312.50 as was car maker Peugeot at FFr 1,068. The group announced late in the day that its production in France had risen 10 per cent in the first 10 months this year.

Milan continued marginally easier ahead of the end of the November trading cycle today.

Some gains were seen in the financial sector, but elsewhere the trend was downward.

Madrid closed higher on balance although losses were seen in the food sector. Stockholm fell on news of higher-than-expected inflation. Pharmacia fell SKr 3 to SKr 197 ahead of the nine-month results which showed a 21 per cent increase in profits. Oslo closed mixed.

SINGAPORE

AN EARLY rally ran out of steam in Singapore as buyers, after bargain-hunting during the morning, withdrew to the sidelines. The Straits Times industrial index closed 3.45 down at 893.25.

Among actives Sime Darby rose 1 cent to S$1.82. Other blue chips which ended the session higher included Singapore Press, 5 cents up at S$8.50, and bank shares OCBC, up 5 cents at S$9.04, and DBS, up 10 cents at S$9.10.

CANADA

THE MODEST rally, led by resources, in Toronto on Wednesday ran out of steam, and most sectors traded lower.

Among actives Nova Alberta Class A traded C$⅝ up at C$6⅝ after saying it was in talks with 57 per cent owned Husky Oil over Husky's future ownership. Husky Oil was C$⅝ higher at C$10⅝.

All major sectors declined in Montreal.

LONDON

STERLING'S listless performance continued to fuel interest-rate worries in London's financial markets yesterday, pushing both government bonds and share prices down further.

Despite a recovery towards the close, net losses in gilts ranged up to ½ point, with the occasional loss of a full point at the longer end.

In long gilt futures trading, the December contract reached a record daily volume of 23,600 up 4,700 from the previous record on September 24. It closed nearly 1 point down at 107.26.

Shares took their lead from the gilts market, with the FT-SE 100 index down 9.9 at 1,644.6 and the FT Ordinary index 9.4 lower at 1,295.7.

Among losers Plessey closed 9p down at 180p after reporting interim profits in line with expectations.

Chief price changes, Page 45; Details, Page 44; Share information services, Pages 42–43.

AUSTRALIA

A QUIET session in Sydney saw many investors pausing to consider the effects of the A$1.73bn October current-account deficit.

The All Ordinaries index shed 3.2 to 1,379.0 as buying in golds, which have dropped sharply recently, contrasted with profit-taking across most other sectors.

Among banks, Westpac and National Australia lost 8 cents and 12 cents to A$4.62 and A$5.18, respectively, after posting low growth in profits for the year. ANZ was off 2 cents at A$5.56 in advance of its annual report on Monday.

Retailer Woolworths, which is the subject of takeover speculation, was steady at A$3.80 after advancing 15 cents on Wednesday.

Leading golds included Poseidon, up 4 cents at A$5.14.

HONG KONG

CORPORATE news and active buying by foreign and local investors gave a healthy boost to Hong Kong. The Hang Seng index, which had languished in recent sessions, continued the climb started on Wednesday, adding 21.74 to 2,261.45.

Among properties Hongkong Land added 35 cents to HK$6.20 amid rumours, later denied, that Japan's Mitsubishi Estate was considering buying Jardine Matheson's stake in the company. Jardine Matheson rose 20 cents to HK$19.60. Also in the sector, Hongkong Wharf was 5 cents up at HK$8.25.